

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>St. Clair County</b>	County <b>St. Clair</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>6/6/05</b>	Date Accountant Report Submitted to State: <b>6/30/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).		✓	

Certified Public Accountant (Firm Name) <b>Stewart, Beauvais &amp; Whipple</b>			
Street Address <b>1979 Holland Avenue</b>	City <b>Port Huron</b>	State <b>MI</b>	ZIP <b>48060</b>
Accountant Signature 		Date <b>6/30/05</b>	



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**ST. CLAIR COUNTY, MICHIGAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**Current members of the  
BOARD OF COMMISSIONERS**

Patricia Anger, Chairperson  
Terry London, Vice Chairperson  
Jeff Bohm  
Wallace R. Evans  
Howard Heidemann  
Dennis M. Kearns  
Pamela Wall

**Prepared by:**  
**ADMINISTRATOR/CONTROLLER S OFFICE**

Shaun S. Groden, Administrator/Controller  
Robert C. Kempf, Deputy Controller/Finance Director

**ST. CLAIR COUNTY, MICHIGAN**

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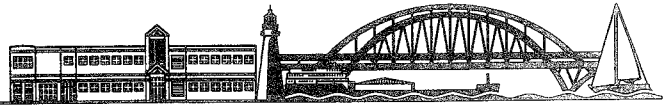
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VISION: We are the leader in  
innovative, customer-centered  
government.

MISSION: To continually  
improve public services that  
enhances the community for  
citizens and future generations  
of St. Clair County.

June 20, 2005

To the Board of Commissioners and  
Citizens of St. Clair County

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of St. Clair County for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of St. Clair County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of St. Clair County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of St. Clair County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, St. Clair County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

St. Clair County's financial statements have been audited by Stewart, Beauvais & Whipple PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of St. Clair County, for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified

opinion that St. Clair County's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of St. Clair County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in St. Clair County's separately issued Single Audit Report.

This Comprehensive Annual Financial Report (CAFR) is issued pursuant to the relatively new requirements of the Governmental Accounting Standards Board (GASB). Readers of this financial report will notice two significant new statements, entitled Statement of Net Assets and Statement of Activities. These statements will provide readers with the financial position of St. Clair County viewed as a whole. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. St. Clair County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of St. Clair County**

St. Clair County, established in 1820, is located in southeastern Michigan and covers approximately 700 square miles. On the County's eastern border is the sovereign country of Canada, separated by approximately fifty-eight miles of shoreline on Lake Huron, the St. Clair River and Lake St. Clair. It is less than one hour from metropolitan Detroit and is the eastern terminus of two major interstate highways, I-94 and I-69, the site of an international airport, two international bridges and two international ferry services, and the site of an international train tunnel. The bridges and train tunnel play an integral part in the "trade corridor" created by the Free Trade Agreement between the United States and Canada, as they are major players in the movement of goods between the two countries.

As people and businesses continue to retreat from the urban sprawl of the metropolitan Detroit area, they find our County a desirable alternative. The 2000 census reported that 164,235 citizens populated the County, which is a 12.8% increase over the 1990 census, and they lived in 62,072 households. The Southeastern Michigan Council of Governments currently estimates the county population at over 171,000, living in 66,367 households. These people live in a mix of rural and urban communities, encompassing 9 villages and cities and 23 townships. The county seat is located in Port Huron, which is the largest city in the County, and where a majority of our offices are located.

The County is organized under the various public acts of the State of Michigan and is governed by a seven member Board of Commissioners, elected by district for two-year terms. The Board of Commissioners serve as the legislative body responsible for establishing policy and appropriating funds. The Board of Commissioners appoints an Administrator/Controller who is responsible for carrying out the policies and ordinances of the Board of Commissioners and the day-to-day management of County affairs.

Other elected officials include the Clerk/Register of Deeds, Treasurer, Prosecutor, Sheriff, Drain Commissioner and Surveyor. These offices are elected countywide to four-year terms. The Clerk/Register of Deeds is responsible for recording vital statistics, maintaining court records, documents regarding property ownership, and Board of Commissioner proceedings; the Treasurer is responsible for the collection of delinquent taxes, delinquent tax settlements with local units, cash management and investments; the Prosecutor and Sheriff are responsible for law enforcement; the Drain Commissioner is responsible for construction and maintenance of drains; and the Surveyor is responsible for the proper surveying of the boundaries of land parcels.

The court system consists of the 72<sup>nd</sup> District Court, Probate Court, and the 31<sup>st</sup> Circuit Court (including the Family Division). The 72<sup>nd</sup> District Court, with three judges, has jurisdiction over misdemeanors, ordinance and charter violations, civil cases under \$25,000, traffic infractions, and preliminary examinations in felony cases. The Probate Court, with two judges, is responsible for estates, mental health matters, and guardianships. The 31<sup>st</sup> Circuit Court, with three judges, has jurisdiction over criminal cases where the minimum penalty is over one year incarceration, civil damage cases over \$25,000, and family matters. All judges are elected, countywide, to six-year terms.

The Board of Commissioners appoints members to the three member Board of Road Commissioners, the three member Department of Public Works Board, and the twelve member Community Mental Health Authority Board. These boards are governed and controlled by various public acts and statutes, and function as separate entities. Because of these appointments, and the fact that they may receive county appropriations they are reflected as discretely presented component units in the County's CAFR, as required by the GASB.

The Board of Commissioners appoints members to a variety of boards and commissions that have various responsibilities and duties. Some of the more complex of these boards and commissions include the Parks and Recreation Board, the Metropolitan Planning Commission, the Library Board and the Commission on Aging. The Parks and Recreation Board oversees extra-voted millage monies collected by the County and used for the development and maintenance of a County park system. The Metropolitan Planning Commission oversees the development of the County master plans used for land development in the County. The Library Board oversees extra-voted millage monies, and other monies, collected by the County and used for the operation of our County-wide Library system. The Commission on Aging oversees extra-voted millage monies collected by the County and used for the enrichment of the lives of our senior population.



The County provides a wide range of services that are either mandated by state statute or authorized by the Board of Commissioners. These general areas include judicial (ie. Courts, Friend of Court, and Probation), general government (ie. Elections, Equalization, Administration, Prosecuting Attorney, Clerk/Register of Deeds, Planning, Treasurer, Drain Commissioner, Buildings and Grounds maintenance, and Information Technology), public safety (ie. Sheriff, Jail, Emergency Preparedness, Animal Control), public works (Drains, Airport, Landfill), health and welfare (ie. Health Department, Veteran's Affairs, Public Guardian, Child Care), and recreation and culture (ie. Parks, Library).

### **Financial Practices**

The annual budget serves as the foundation for the County's financial planning and control. For the 2004 budget all departments and agencies of the County were required to submit requests for appropriation to the Administrator/ Controller by August 15<sup>th</sup> of 2003. These requests became the starting point for developing a proposed budget. A budget committee, made up of department heads and staff personnel, scrutinized the requests. The budget committee took into consideration the results of the County-wide Capital Improvement Program recommendations, projections of revenues and expenditures, and requests for new personnel. They then molded the department requests into the County-adopted corporate foundation model and submitted a budget to the Administrator/ Controller for his review. In October the Administrator/Controller submitted a balanced proposed budget to the Board of Commissioners for their consideration. The Board then held workshops and a public hearing, and finally adopted the budget. State law requires the budgets be adopted prior to the start of the fiscal year.

Budgetary control is maintained at the account level (line item) while budgets are legally adopted at the activity (department) or function (e.g., public safety) level. The Administrator/Controller is authorized to transfer budget amounts between accounts, however, any revisions to the total activity or function for the respective fund must be approved by the Board of Commissioners. Revisions to the budget are recommended by the Administrator/Controller and adopted by the Board of Commissioners. The Board of Commissioners are provided quarterly reports that report budget and actual amounts by department or program.

The Administration of St. Clair County has made it our policy to annually present and recommend a balanced budget to the Board of Commissioners.

### **Factors Affecting Financial Condition.**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the County operates.

**Local Economy.** The County, like all governments in Michigan, is still reeling from a general nationwide economic downturn. Our manufacturing and industrial base is primarily aimed at the auto industry, which is suffering through a rough economy. Investment rates are creeping up from record lows and the State of Michigan is projecting revenue reductions in its budget that will no doubt translate to less State money available to local governments for programs and operations. In fact, in 2004 we were the recipients of reductions in a large number of state supported programmatic revenues on an ongoing basis.

Despite the above noted roadblocks to growth: new national and regional retail businesses continue to move to St. Clair County, our population is increasing sharply (and expected to continue at higher than average numbers), we are averaging about 1,000 housing starts per year, the County general operating millage rate is at lower than authorized levels (due to Headlee overrides), the County bond rating continues to be strong, and the County continues to maintain a high level of services to our citizens.

Another positive element is the substantial increase in the taxable value of real property. The County experienced increases of \$249,390,352 (5.21%) from 2003 to 2004 and \$203,344,612 (3.99%) from 2002 to 2003. Increases in 2004 occurred in the following categories: residential (\$214,945,607), commercial (\$19,362,463), agricultural (\$5,336,717), industrial (\$9,577,615) and developmental (\$167,950).

**Long-term Financial Planning.** In 2000 the County started serious discussions regarding the replacement of the jail and juvenile center, and the general programs of our criminal justice system. A decision was made to replace the 50-year-old jail and the 35-year-old juvenile center with a modern adult/juvenile intervention center with the capability to provide intervention programs and a chartered school. In 2002 a design firm was hired and in 2003 the County sold \$34,000,000 in bonds to finance the construction of the facility. The rest of the estimated \$47,500,000 project cost is to come predominately from transfers from the Delinquent Tax Revolving Fund and the Solid Waste Disposal Fund. The Solid Waste Disposal Fund transfer was used to complete a 64-bed cell pod in the Jail for lease to the Federal Government to house federal prisoners. Construction is mostly completed (at this writing it is approximately 90% complete), with an expected opening in late summer 2005. The bonds will be paid utilizing the annual interest generated by the Delinquent Tax Revolving Fund (approximately \$1.5 million) and the annual savings incurred by not housing our overflow of prisoners in out-of-county or out-of state facilities (approximately \$1 million).

In 2002 the County decided to take advantage of a land auction and promised to purchase 16 acres of Lake Huron lakefront land for development as a County park. In order to preserve the County's eligibility to receive state grant funds for the acquisition, a third party was used to secure the property. If the grant dollars are not received the County has set aside \$3.1 million in Parks and Recreation millage funds for the purchase. The County expects to finalize the purchase in 2005 and begin development with dedicated millage dollars.

The County has already started to look for a long-term solution to what we expect will be ongoing reductions to state program revenues fostered by state budget woes. Also, due to the opening of the new Jail/Juvenile Facility noted above we will also be taking a hard look at the services we provide, and how we provide them, as we formulate future budgets. The objective is to continue to deliver high quality and relevant services to the citizens of the County. We are looking internally to determine if we are “doing the right things right”, utilizing automation for efficiently, exploring new revenue sources and reducing expenditures where practical.

**Cash Management.** Cash temporarily idle during the year was invested in certificates of deposit and government investment pools offered by commercial banks. All accounts are maintained in institutions insured through federal depository insurance funds although not all amounts are insured to their full value. Due to the large sums of money the County deals with, and the \$100,000 limitations of federal insurance, it is impractical to place all of our money in insured accounts. Despite 2004 record low investment rates the County Treasurer recorded approximately \$731,000 in interest earned in 2004 for general operations.

The County Employees Retirement System deposits are invested in compliance with State statutes in U.S. Government securities, high-grade bonds, stocks, mutual and bond funds or money market funds. The retirement system is managed by five separate money managers, with oversight provided by a Retirement Board.

**Risk Management.** The risk management activities of the County are primarily the responsibility of the Administrator/Controller’s office. However, each department head has a responsibility for managing the activities of their department in such a way as to preserve the human, physical, natural, and financial resources of the County.

The County is self-insured for property and liability, health care, unemployment, workers’ compensation, and disability. Unemployment is totally self-insured, while workers’ compensation is self-insured to a limit. Health care is self-insured with the administrative services of the program being performed by a third party. The County pays claims up to \$75,000 per contract per year, and purchases stop-loss protection for claims in excess of this limit. Disability is administered by a third party.

The County is a member of the Michigan Municipal Risk Management Authority for property and liability protection. The Authority is a large pool of Michigan government agencies with a goal of keeping costs down for the group. The County maintains various levels of risk for general and auto liability, physical damage to property and motor vehicle physical damage. Stop-loss protection is maintained to protect the County from very large claims. The liability deductible is \$150,000 with limits of reinsurance reaching \$15,000,000 per occurrence.

**Pension and other post-retirement benefits.** The County sponsors a single-employer, defined benefit pension plan for all qualified employees. Each year an independent actuary calculates the percentage of payroll that the County should contribute to the pension plan

to ensure that the fund will meet its full obligation to plan participants. During 2004 the County contributed 3.52% of covered payroll and the employees contributed 5%. As of December 31, 2003, the date of the last actuarial report, the plan was fully funded.

The County also provides post-employment health and dental benefits for eligible retirees and their dependents. This plan is generally available to retirees who have attained the age of 55 or older (age 50 for certain employees in the Sheriff's Department) and have attained certain levels of service years. During 2004 the County contributed 9.48% of covered payroll and the employees contributed 0%. Because of the radically increasing cost of health coverage the plan is not currently fully funded, however the County has recently implemented certain changes in the benefits offered with the idea that costs will become more containable.

**Relevant Financial Policies.** The Board of Commissioner's has established policies regarding maintenance levels for fund balance in the General and Special Revenue Funds as follows:

The General Fund will strive to maintain an Unreserved Fund Balance with a minimum amount of 10% and a maximum of 15% of the most currently approved General Fund budget. All Special Revenue Funds will maintain an Unreserved Fund Balance of 10% of the most currently approved budget.

Annually, at the conclusion of the annual audit, these Funds will be reviewed to determine if they are in compliance with the established policy. Any excess funds will be reverted back to the General Fund. If the General Fund is at its maximum of 15% the excess funds will be transferred to the Budget Stabilization Fund, the Public Improvement Fund or be retained in the General Fund and be designated for future budget stabilization. At December 31, 2004 the balance designated for future budget stabilization was \$2,333,873.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2003. This was our second consecutive award since we submitted and received the award for our 1996 CAFR. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

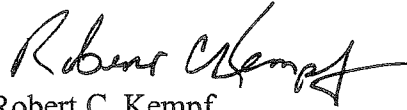
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrator/Controller's office. We would like to express our appreciation to all members of the department, and various other departments, who assisted and contributed to the preparation of this report. We also express our gratitude to the Board of Commissioners for their interest and support in planning and conducting the financial operation and management of St. Clair County in a responsible and progressive manner.

Respectively submitted,



Shaun S. Groden  
Administrator/Controller



Robert C. Kempf  
Deputy Controller/Finance Director

**St. Clair County**  
**Current List of Elected and Appointed Officials**

**Elected Officials**

**Board of Commissioners**

Patricia Anger	Chairperson
Terry London	Vice Chairperson
Jeff Bohm	Member
Wallace R. Evans	Member
Howard Heidemann	Member
Denny Kearns	Member
Pamela Wall	Member

**31<sup>st</sup> Circuit Court**

Peter Deegan	Chief Circuit Judge
James Adair	Circuit Judge
Daniel Kelly	Circuit Judge

**72<sup>nd</sup> District Court**

Cynthia Platzer	Chief District Judge
Richard Cooley	District Judge
David Nicholson	District Judge

**Probate Court**

John Monaghan	Chief Judge of Probate
Elwood Brown	Judge of Probate

**Other Elected Officials**

Marilyn Dunn	Clerk/Register of Deeds
Fred Fuller	Drain Commissioner
Michael Wendling	Prosecuting Attorney
Dan Lane	Sheriff
Steve Bruen	Surveyor
Kelly Roberts-Burnett	Treasurer

**Appointed Official**

Shaun S. Groden	Administrator/Controller
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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Clair County,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

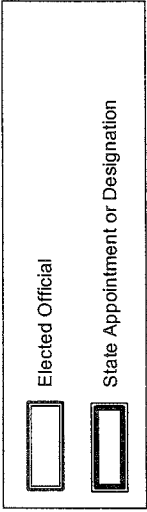
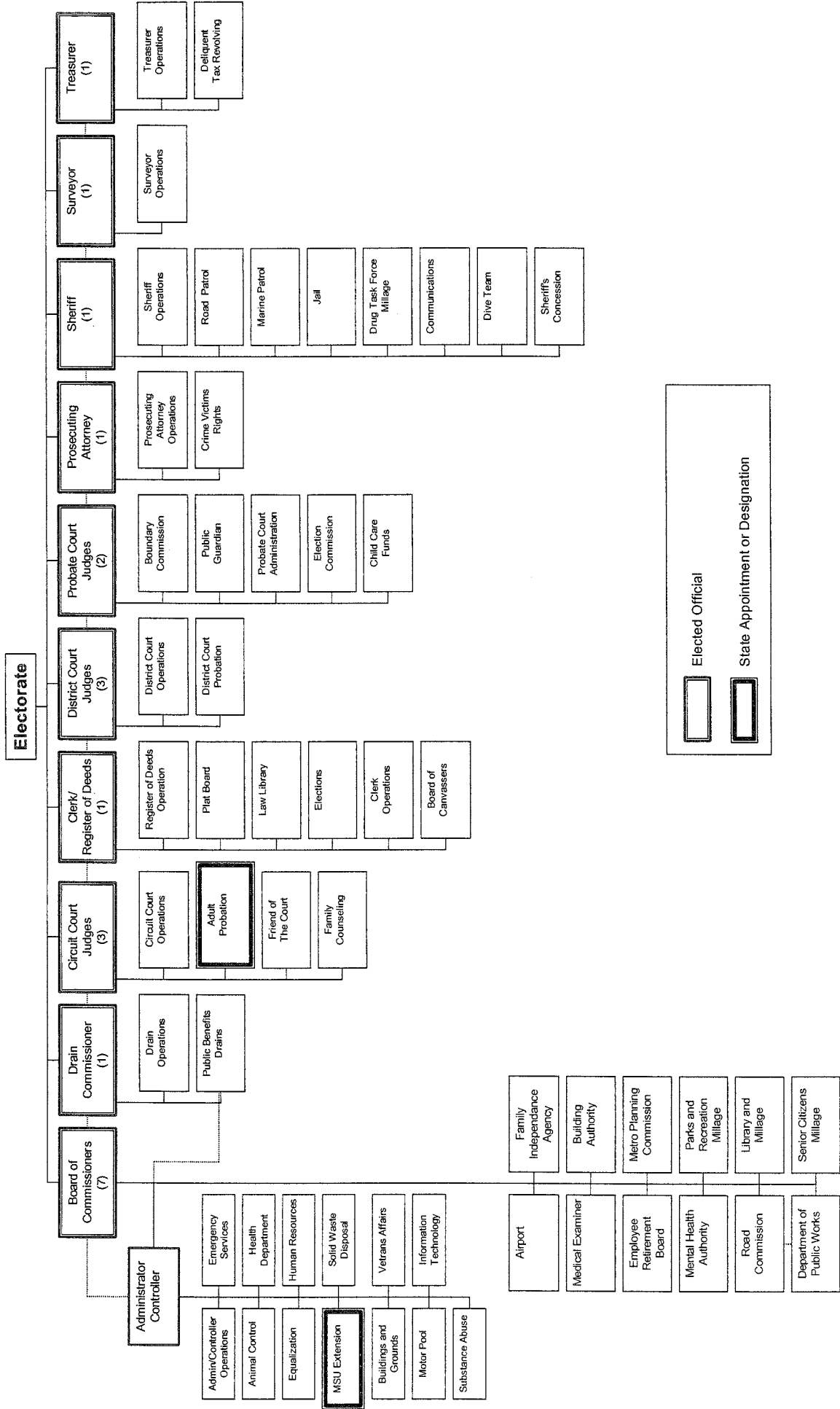
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# St. Clair County Organizational Chart





## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of St. Clair County  
Port Huron, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of St. Clair County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2005, on our consideration of St. Clair County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 15, and schedule of funding progress, schedule of employer contributions and budgetary comparison on pages 78 through 84 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Clair County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly we express no opinion on them.



Certified Public Accountants

June 6, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the County of St. Clair, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found preceding this narrative, and the accompanying basic financial statements and footnotes.

### **Financial Highlights**

- The assets of the County exceeded its liabilities at December 31, 2004 by \$112,691,314. Of this amount \$48,948,223 may be used to meet the County's ongoing obligations to citizens and creditors. Additionally, \$17,938,984 has been restricted for specific purposes (ie. specific millage funds, substance abuse, revenue sharing, E-911, etc) and \$45,600,322 represents our investment in capital assets, net of related liabilities.
- The total net assets increased by \$9,897,957 primarily because of a state law change that caused the County to record an additional 1/3 tax levy. The State has eliminated the former revenue sharing program and has replaced it with the collection of additional property taxes. The County will effectively levy four years of general property tax in a span of three years and account for it in a Special Revenue Fund. We are allowed to annually transfer an amount equal to what the state revenue sharing was in 2004, prior to the law change. When the fund is exhausted, in about nine years, the state will reinstitute the revenue sharing program. Other major contributors to the total net asset increase were the continued strength of the Delinquent Tax Revolving Fund and the Solid Waste Disposal System.
- At December 31, 2004 the County's governmental funds reported combined ending fund balances of \$34,650,241, a decrease of \$15,200,106. This dramatic decrease was the result of the use of the bond proceeds that were recorded in the prior years for the Jail/Juvenile Facility project, combined with an increase in the newly created Revenue Sharing Reserve Fund.
- In 2004 the General Fund reported revenues over expenditures of \$359,137 which increased the fund balance to \$8,784,525. Of this amount \$6,197,800 has been designated for a variety of issues, including \$3,660,818 for a settlement of contested property taxes by DTE Energy.
- In 2004 the Board of Commissioner's adopted balanced budgets for the 2005 General Fund and all Special Revenue funds.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County is reporting these financial statements utilizing the relatively new reporting structure that all state and local governments must implement.

## **St. Clair County**

### **Management's Discussion and Analysis**

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These requirements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The County was required to implement the new requirements no later than the fiscal year ending December 31, 2003; however, we elected to early implement in 2002, as permitted by the statements. The County's basic financial statements are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, and recreation and culture. The business-type activities of the County include the Airport, Sheriff's Commissary, Landfill and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only the County itself (known as the primary government) but also a legally separate Community Mental Health Authority, a legally separate Road Commission, legally separate Drain Commissioner projects, and a legally separate Department of Public Works for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-18 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, used fund accounting to

## **St. Clair County**

### **Management's Discussion and Analysis**

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ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds are reported using the modified accrual method of accounting. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Included are the General Fund, the Special Revenue funds, the Debt Service funds, the Capital Project funds and a Permanent fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Health Department Fund, Parks and Recreation Fund, Revenue Sharing Reserve Fund and the Jail/Juvenile Facility Construction Fund, all of which are considered to be major funds. Data for the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General and Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19-24 of this report.

***Proprietary funds.*** Proprietary funds use the accrual basis of accounting, which is the same basis used by private business. The County maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the activities of the Airport, Landfill, Delinquent Tax Revolving, and

## St. Clair County Management's Discussion and Analysis

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Sheriff's Concession funds. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its various employee benefits and risk programs.

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary financial statements provide separate information for the Solid Waste Disposal System and Delinquent Tax Revolving Fund, both of which are considered to be major funds of the County. Individual fund data for the 2 non-major Enterprise Funds is provided in the form of combining statements elsewhere in this report. The County's only Internal Service Fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The largest of the Fiduciary Funds are the County Employees Pension Fund, the Landfill Perpetual Care Fund and the Trust and Agency Fund. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-77 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and the budgetary information for four major governmental funds. This required supplementary information is found on pages 78-84 of this report.

The combining statements referred to earlier in connection with non-major governmental, enterprise and fiduciary funds are presented immediately following the required supplementary information. Combining, individual fund statements and schedules can be found on pages 85-104 of this report.

**St. Clair County**  
**Management's Discussion and Analysis**

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**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$112,691,314 at December 31, 2004.

The largest portion of the County's net assets are unrestricted and available for ongoing obligations to citizens and creditors. The second largest portion of net assets represents our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. As noted earlier, a portion of net assets is restricted and subject to external restrictions as to how they may be used.

**Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Current and Other Assets	75,506,028	97,449,064	49,523,855	51,714,621	125,029,883	149,163,685
Capital Assets,						
Net of Accumulated Depreciation	76,264,897	48,760,500	9,605,555	8,905,193	85,870,452	57,665,693
<b>Total Assets</b>	<b>151,770,925</b>	<b>146,209,564</b>	<b>59,129,410</b>	<b>60,619,814</b>	<b>210,900,335</b>	<b>206,829,378</b>
Current Liabilities	37,255,200	43,418,378	603,229	955,992	37,858,429	44,374,370
Other Liabilities	47,860,907	48,181,730	12,489,685	11,479,921	60,350,592	59,661,651
<b>Total Liabilities</b>	<b>85,116,107</b>	<b>91,600,108</b>	<b>13,092,914</b>	<b>12,435,913</b>	<b>98,209,021</b>	<b>104,036,021</b>
<b>Net Assets</b>						
Investment in capital assets,						
Net of related debt	35,994,767	29,358,639	9,605,555	8,905,193	45,600,322	38,263,832
Restricted	18,142,769	8,473,176	-	-	18,142,769	8,473,176
Unrestricted	12,517,282	16,777,641	36,430,941	39,278,708	48,948,223	56,056,349
<b>Total Net Assets</b>	<b>66,654,818</b>	<b>54,609,456</b>	<b>46,036,496</b>	<b>48,183,901</b>	<b>112,691,314</b>	<b>102,793,357</b>

At the end of the fiscal year the County was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The current and other assets and current liabilities in the governmental activities decreased due to the ongoing construction and payments made regarding the Jail/Juvenile

## St. Clair County Management's Discussion and Analysis

Facility. Consequently, the capital assets have increased for the same reason. The net assets of the business-type activities were reduced due to a transfer out of funds for the Jail/Juvenile Facility project.

The following condensed financial information was derived from the Government-wide Statement of Activities and reflects how the County's net assets changed during the year.

### Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
Program revenues:						
Charges for services	13,854,426	13,139,951	5,936,794	7,214,967	19,791,220	20,354,918
Operating Grants and Contributions	13,353,044	12,378,654	341,507	80,335	13,694,551	12,458,989
Capital Grants and Contributions	876,921	673,620	26,479	894,259	903,400	1,567,879
General revenues:						
Property Taxes	47,253,761	35,909,934	-	-	47,253,761	35,909,934
Intergovernmental revenues	1,330,569	3,808,634	-	-	1,330,569	3,808,634
Investment earnings	880,545	878,742	379,424	351,878	1,259,969	1,230,620
Other revenues	-	-	886,560	890,993	886,560	890,993
<b>Total Revenues</b>	<b>77,549,266</b>	<b>66,789,535</b>	<b>7,570,764</b>	<b>9,432,432</b>	<b>85,120,030</b>	<b>76,221,967</b>
<b>Expenses:</b>						
Legislative	1,154,454	788,416	-	-	1,154,454	788,416
Judicial	10,892,698	10,766,559	-	-	10,892,698	10,766,559
General Government	13,672,576	12,575,346	-	-	13,672,576	12,575,346
Public Safety	17,721,012	15,628,031	-	-	17,721,012	15,628,031
Public Works	826,441	968,179	-	-	826,441	968,179
Health and Welfare	18,447,590	19,353,729	-	-	18,447,590	19,353,729
Recreation and Culture	6,109,029	5,589,120	-	-	6,109,029	5,589,120
Other Activities	800,000	1,087,117	-	-	800,000	1,087,117
Interest on Debt Service	151,437	1,448,004	-	-	151,437	1,448,004
Delinquent Tax collections	-	-	56,531	14,753	56,531	14,753
Airport	-	-	534,078	691,193	534,078	691,193
Sheriff's Concession	-	-	156,717	142,253	156,717	142,253
Solid Waste Disposal	-	-	4,699,510	2,407,621	4,699,510	2,407,621
<b>Total Expenses</b>	<b>69,775,237</b>	<b>68,204,501</b>	<b>5,446,836</b>	<b>3,255,820</b>	<b>75,222,073</b>	<b>71,460,321</b>
Increase in Net Assets, before transfers	7,774,029	(1,414,966)	2,123,928	6,176,612	9,897,957	4,761,646
Transfers	4,271,333	(1,245,643)	(4,271,333)	1,245,643	-	-
Increase in Net Assets	12,045,362	(2,660,609)	(2,147,405)	7,422,255	9,897,957	4,761,646
Net Assets January 1	54,609,456	57,270,065	48,183,901	40,761,646	102,793,357	98,031,711
Net Assets December 31	66,654,818	54,609,456	46,036,496	48,183,901	112,691,314	102,793,357

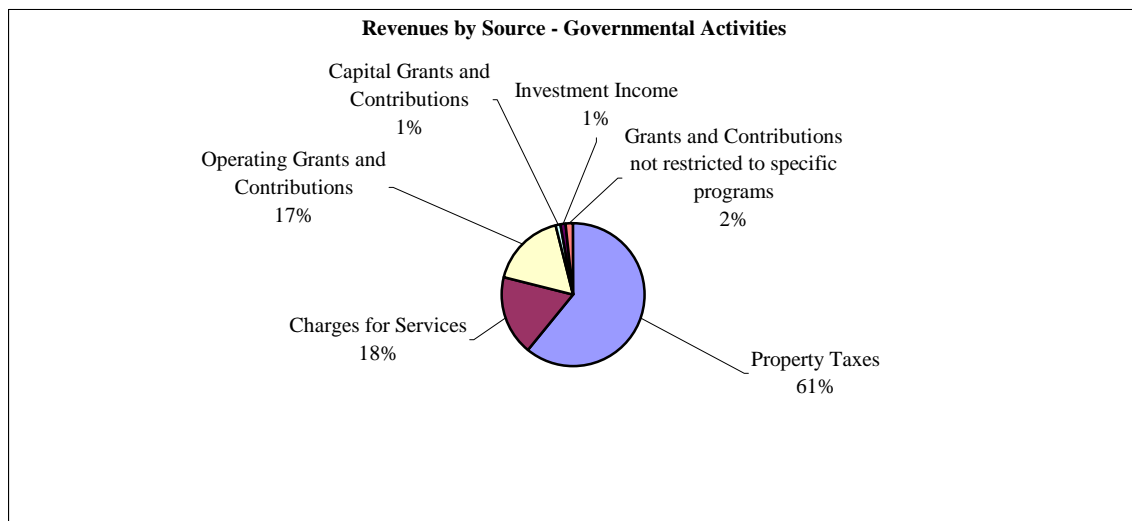
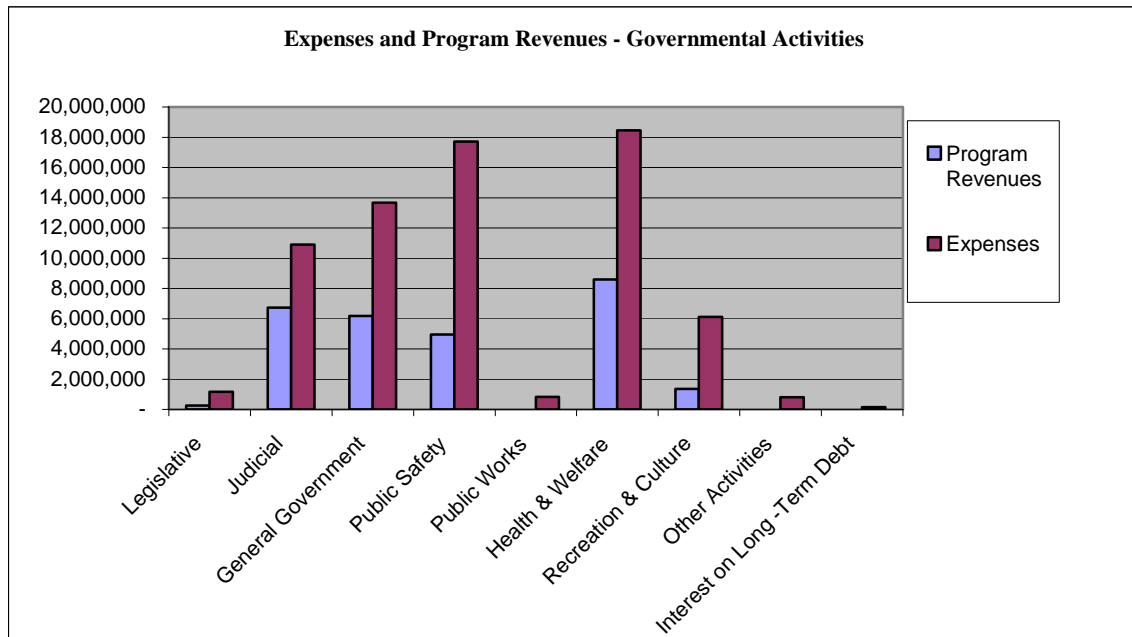


## St. Clair County Management's Discussion and Analysis

The County's net assets increased by \$9,897,957 during the fiscal year. The significant increase in net assets in the governmental activities was predominately the result of the additional tax levy, as earlier discussed, and the capitalization of interest on bonded debt.

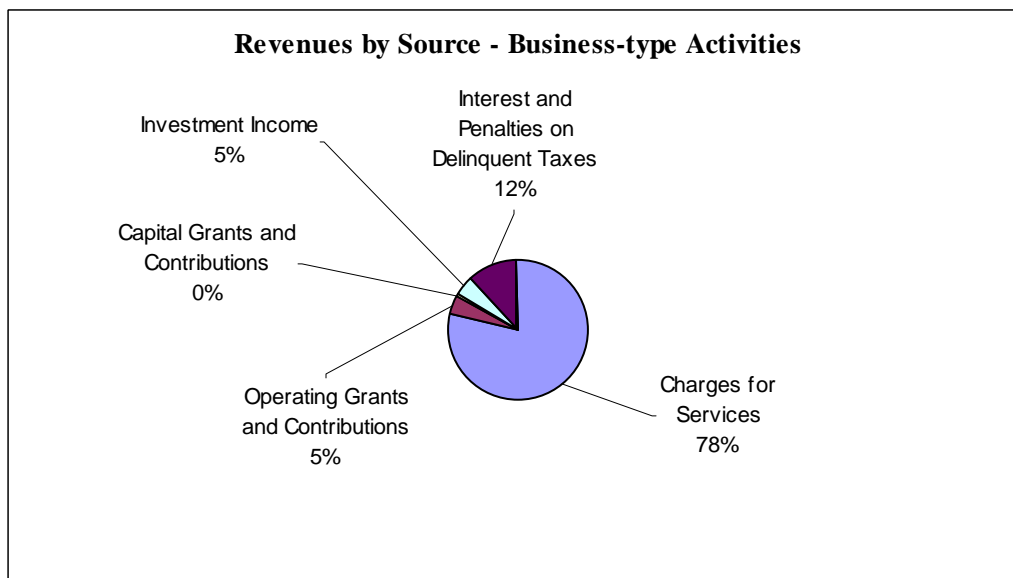
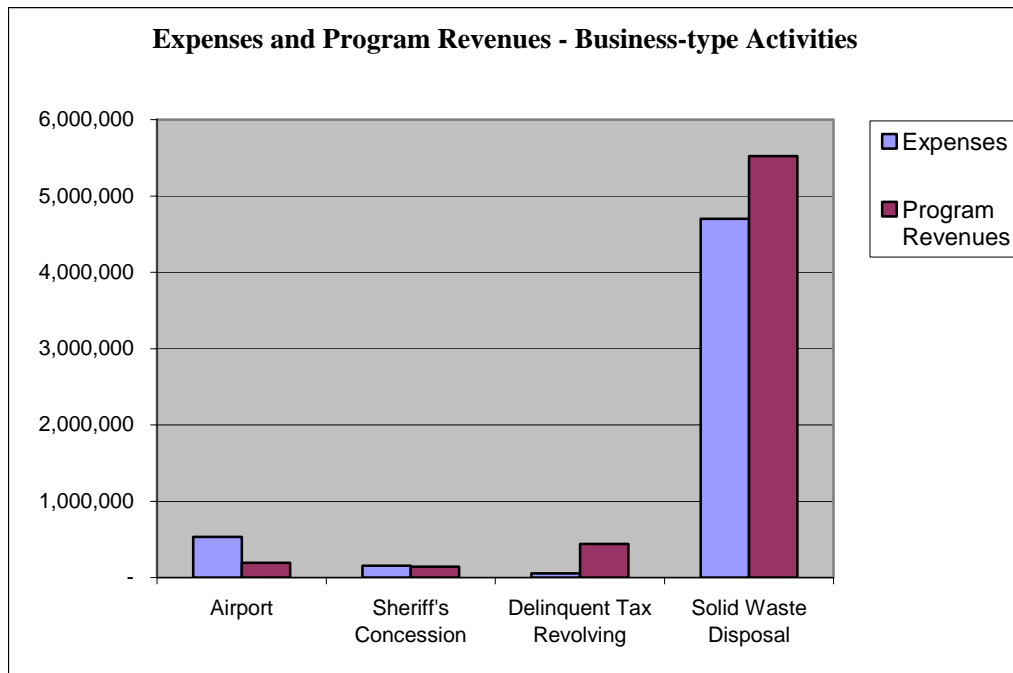
The net asset reduction in the business-type activities was the result of the above transfer, and a reduction in revenues due to activity and increase in expenses for infrastructure in the Solid Waste Disposal Facility.

**Governmental activities.** Governmental activities increased the County's net assets by \$12,045,362. Contributing factors were the additional tax levy, capitalization of debt interest and transfers in.



## St. Clair County Management's Discussion and Analysis

**Business-type activities.** Business-type activities decreased the County's net assets by \$2,147,405. The largest contributing factors to this decrease were Solid Waste Disposal System activity including the transfer for construction at the Jail/Juvenile Facility, grant revenues at the Airport, and a Airport transfer to the General Fund for ½ the purchase price of the new terminal building as ½ of the building is used by a General Fund department.



### **Financial Analysis of the County's Major Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2004, the County's governmental funds reported combined ending fund balances of \$34,650,241, a decrease of \$15,200,106 in comparison to the prior year. This decrease was primarily due to the use of the bond proceeds that were recorded in the prior year to pay for current year Jail/Juvenile Facility construction. Most of this fund balance is unreserved (\$31,160,781), which is available for spending at the County's discretion. A total of \$10,040,841 of the unreserved fund balance has been designated for: Parks (\$1,365,477), Drug Task Force (\$192,704), Library (\$343,500), Senior Citizens (\$343,500), debt service (\$1,597,860) and future budget stabilization/a potential tax refund/various other items (\$6,197,800) leaving \$21,119,940 for current use. The remainder of fund balance (\$3,489,460) is reserved to indicate that it is not available for new spending because it has already been committed to prepayments, the construction of capital assets, and the permanent funds.

The General Fund is the chief operating fund of the County. At December 31, 2004, the general fund reported fund balance of \$8,784,525. \$2,494,725 of that amount is unreserved/undesignated, \$6,197,800 is unreserved/designated and \$92,000 is reserved. \$2,333,873 of fund balance has been designated for future budget stabilization, \$3,660,818 for a possible tax refund, and \$203,109 for various programs. \$92,000 has been reserved for prepaid expenses. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5 percent and total fund balance represents 17.6 percent of total general fund expenditures and transfers.

The 2004 amended budget of the general fund had revenues and transfers in of \$49,232,545 and expenditures and transfers out of \$49,381,401. Included in the transfers in was \$543,518 of available fund balance in several separate funds. These funds were transferred to the general fund per County policy and Board of Commissioner's resolution. Included in the transfers out were appropriations to several funds that depend on the general fund for operational funds. The budget variance at the end of the year was a positive \$507,993 or 1% of expenditures and transfers out. The fund balance in the general fund increased by \$359,137 or 4.3%.

Another major governmental fund, the Health Department, reported fund balance of \$1,087,855 at December 31, 2004, with \$1,074,074 of that amount unreserved/

## **St. Clair County Management's Discussion and Analysis**

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undesignated. Revenues and transfers in were reported at \$9,522,381 along with expenditures and transfers out of \$9,906,830. A transfer out of \$478,925 of available fund balance was made to the general fund, as noted above.

The third major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2004, Parks and Recreation reported a fund balance of \$4,908,527. \$3,257,677 of the fund balance is available for operations of the park system and future development. Another \$1,365,477 of the fund balance has been designated for specific projects and possible repayment of contested taxes, and \$285,373 has been reserved for prepaid expenditures.

The fourth major governmental fund is the Revenue Sharing Reserve Fund. As previously noted, this fund accounts for the additional tax levy as required by the State of Michigan. Annually, an amount will be transferred from this fund to the General Fund to replace the state revenue sharing program suspended by the state. At December 31, 2004, this fund had \$7,745,568 in unreserved/undesignated fund balance.

The last major governmental fund is the Jail/Juvenile Facility Construction Fund. It had a fund balance at December 31, 2004 of \$2,866,364, which is totally reserved for the construction of the facility.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County had two major proprietary funds at December 31, 2004.

Net assets in the Solid Waste Disposal System at the end of the year amounted to \$12,829,879, a decrease of \$3,190,526 over the prior year. \$6,416,910 of the \$12,829,879 was invested in capital assets. As noted earlier this decrease was mainly attributable to a transfer of \$4,050,000 to the Jail/Juvenile Facility construction fund. The Delinquent Tax Revolving Fund reported a net increase in net assets of \$1,614,532, to \$29,830,037.

### **General Fund Budgetary Highlights**

During the year the original budget was amended as needed. The original budget was balanced, while the final amended budget represents a deficit budget of \$148,856. Amended revenue and transfer-in budgets were within \$1,042,653 (2.1%) of actual, while expenditures and transfers-out were within \$534,660 (1.1%) of actual.

Overall during the year the budget was adjusted as follows: the revenues were adjusted up by \$141,389 (.3%), the expenditures were adjusted up by \$839,869 (2.1%), the transfers-in were adjusted up by \$582,459 (159.70%), and the transfers-out were adjusted up by \$32,835 (.4%).

## St. Clair County Management's Discussion and Analysis

Differences between the original budget and the final amended budget were relatively large in a few areas. The major contributors to this variation are as follows:

- Revenues: State revenues were increased by \$1,055,396 to respond to acceptance of various grants during the year, the largest of which were in the Sheriff's Department, Emergency Management and Cooperative Extension.
- Transfers In: were significantly increased to adjust for the transfer of \$543,518 of fund balance from various funds.
- Expenditures: were increased by \$1,066,722 primarily to account for the expenditure side of the increase in state revenues noted above.

### Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounted to \$85,870,452 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure (e.g., roads, drains, etc). The total increase in the County's capital assets for the current fiscal year was 48.9 percent. The governmental activities recorded a 56.4 percent increase while the business-type activities had a 7.9 percent increase.

Major capital asset events during the year included the following:

- One-half of the purchase price of a building located at the Airport was transferred to the General Fund as one-half of the building serves as a centrally located facility for our emergency response equipment and operations.
- The recording of almost \$ 28 million of construction in progress on the new Jail/Juvenile Facility project.
- Various technology projects that will allow County operations to work more efficiently and also easier access by outside organizations.

### Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Land	1,918,999	1,898,047	1,077,858	1,077,858	2,996,857	2,975,905
Buildings and Improvements	28,069,224	28,186,995	1,164,025	1,192,598	29,233,249	29,379,593
Improvements other than Buildings	2,015,391	1,992,460	2,386,283	2,388,500	4,401,674	4,380,960
Equipment and Vehicles	2,924,234	3,035,248	174,207	98,363	3,098,441	3,133,611
Books	3,414,963	3,724,737	-	-	3,414,963	3,724,737
Construction in Progress	37,922,086	9,923,013	4,803,182	4,147,874	42,725,268	14,070,887
Total	76,264,897	48,760,500	9,605,555	8,905,193	85,870,452	57,665,693

## St. Clair County Management's Discussion and Analysis

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Additional information on the County's capital assets can be found in Note 5 beginning on page 49 of this report.

**Long-term Debt.** At December 31, 2004, the County had total debt outstanding of \$60,350,792, which was \$689,141 more than the prior year.

Significant portions of the debt include the following:

- The outstanding un-refunded portion of the general obligation bonds that were sold in 1996 to finance the construction of the Administrative Building (\$700,000).
- The outstanding portion of the 2004 refunding (refinanced) of the 1996 issue sold to finance the construction of the Administrative Building (\$9,625,000).
- The general obligation bonds sold in 2003 to finance the construction of the Jail/Juvenile facility (\$33,450,000).
- The County operates the Smiths Creek Landfill and is required to record the estimated costs of closure and the post-closure costs of the Landfill to ensure that when the facility is closed in the future there will be sufficient funds available to maintain it in an environmentally sound way. The amount recorded for this obligation is \$12,450,088 at December 31, 2004.
- Certain employees of the County have, through collective bargaining agreements or policy, rights to be paid outstanding balances of accrued vacation, sick time, or compensatory time earned upon their leaving County employment. This amount, at December 31, 2004, is \$4,019,210.

Additional information on the County's long-term debt can be found in Note 9 beginning on page 58 of this report.

### Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	43,775,000	44,100,000	-	-	43,775,000	44,100,000
Installment Loan Agreements	7,738	78,021	-	-	7,738	78,021
Landfill Closure and Post Closure						
Costs	-	-	12,450,088	11,445,280	12,450,088	11,445,280
Self-insurance Liability	745,000	272,000	-	-	745,000	272,000
Accumulated Employee Vacation, Sick and Compensatory Time	3,979,613	3,810,279	39,597	34,641	4,019,210	3,844,920
Deferred Amounts	(646,244)	(78,570)	-	-	(646,244)	(78,570)
Total	47,861,107	48,181,730	12,489,685	11,479,921	60,350,792	59,661,651

### **Economic Factors and Next Year's Budgets and Rates**

Many factors are considered in preparation of the County's budget for the 2006 fiscal year. Several of the more telling factors are as follows:

- The unemployment rate for the County is currently 8.1 percent, which is a decrease over a year ago, and is slightly higher than the state average.
- Inflationary trends in the region compare favorably to national indices.
- Population projections continue to outpace the rest of the southeastern Michigan region.
- The opening of the new Jail/Juvenile Facility in late summer of 2005 will cause the County to rethink allocations of funds as we are adding approximately 55 new jobs to the General Fund.
- The continued uncertainty of state funding for programs throughout the County.

The 2005 budgets are balanced and any amendments will be approved by the Board of Commissioner's, as needed.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for our citizens, taxpayers, customers, investors and creditors and to demonstrate the County's accountability for the taxpayer money we receive. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Administrator/Controller, 200 Grand River, Suite 203, Port Huron, Michigan 48060, or contact us at 810-989-6905. You can also visit our website at [www.stclaircounty.org](http://www.stclaircounty.org) for additional information regarding the County or additional copies of this report.

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2004**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 19,777,805	\$ 44,150,408	\$ 63,928,213	\$ 12,190,284
Investments	12,223,410	-	12,223,410	-
Receivables (net of allowance)	42,086,519	5,305,932	47,392,451	6,716,231
Prepaid expenses	977,400	57,131	1,034,531	861,453
Internal balances	( 10,384)	10,384	-	-
Due from component units	132,029	-	132,029	81,522
Inventory	-	-	-	1,152,795
Advance to component units	50,000	-	50,000	89,281
Deferred charges	251,199	-	251,199	-
Restricted Assets -				
Temporary restricted -				
Cash and cash equivalents	-	-	-	6,471,338
Receivable	-	-	-	38,594,684
Permanently restricted - Investment	18,050	-	18,050	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	39,841,085	5,881,040	45,722,125	32,576,253
Assets being depreciated	36,423,812	3,724,515	40,148,327	92,318,488
Total Assets	<u>151,770,925</u>	<u>59,129,410</u>	<u>210,900,335</u>	<u>191,052,329</u>
<b>LIABILITIES:</b>				
Payables and accrued liabilities	7,486,839	470,778	7,957,617	3,970,254
Accrued interest	442,271	-	442,271	136,552
Due to component units	-	-	-	81,522
Advances and deposits	-	777	777	1,394,374
Advances from component units	-	89,281	89,281	-
Advances from primary government	-	-	-	50,000
Deferred revenue	29,326,090	42,393	29,368,483	3,453,718
Liability Payable from restricted assets	-	-	-	263,542
Non-current liabilities				
Due within one year	1,588,038	-	1,588,038	5,494,717
Due in more than one year	46,272,869	12,489,685	58,762,554	43,200,856
Total Liabilities	<u>85,116,107</u>	<u>13,092,914</u>	<u>98,209,021</u>	<u>58,045,535</u>
<b>NET ASSETS:</b>				
Investment in capital assets, net of related liabilities	35,994,767	9,605,555	45,600,322	116,691,241
Net assets				
Restricted				
Acquisition/construction of capital assets	181,389	-	181,389	612,365
Permanent Fund				
Expendable	4,346	-	4,346	-
Nonexpendable	18,050	-	18,050	-
Other	17,938,984	-	17,938,984	4,358,609
Unrestricted	<u>12,517,282</u>	<u>36,430,941</u>	<u>48,948,223</u>	<u>11,344,579</u>
Total Net Assets	<u>\$ 66,654,818</u>	<u>\$ 46,036,496</u>	<u>\$ 112,691,314</u>	<u>\$ 133,006,794</u>

The accompanying notes are an integral part of these financial statements.



**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Legislative	\$ 1,154,454	\$ 123,020	\$ 134,310	\$ -
Judicial	10,892,698	3,060,153	3,680,144	-
General Government	13,672,576	4,736,620	1,440,931	-
Public Safety	17,721,012	3,151,458	933,980	876,921
Public Works	826,441	-	-	-
Health and Welfare	18,447,590	1,632,518	6,958,822	-
Recreation and Culture	6,109,029	1,150,657	204,857	-
Other Activities	800,000	-	-	-
Interest on Long Term Debt	151,437	-	-	-
Total governmental activities	<u>69,775,237</u>	<u>13,854,426</u>	<u>13,353,044</u>	<u>876,921</u>
Business type activities				
Delinquent Revolving Tax	56,531	441,820	-	-
Airport Commission	534,078	168,394	-	26,479
Sheriff Concession	156,717	144,597	-	-
Solid Waste Disposal System	4,699,510	5,181,983	341,507	-
Total business type activities	<u>5,446,836</u>	<u>5,936,794</u>	<u>341,507</u>	<u>26,479</u>
Total Primary Government	<u>75,222,073</u>	<u>19,791,220</u>	<u>13,694,551</u>	<u>903,400</u>
<b>Component Units</b>				
Road Commission	18,345,090	3,937,106	24,253,704	-
Department of Public Works	5,057,907	4,697,756	-	99,274
Community Mental Health Authority	61,392,566	662,401	60,932,306	-
Drains	818,499	780,586	-	185,073
Total Component Units	<u>85,614,062</u>	<u>10,077,849</u>	<u>85,186,010</u>	<u>284,347</u>

General revenues:

Property taxes

Grants and contribution not -  
restricted to specific programs

Unrestricted investment income

Interest and penalties on delinquent taxes

Loss on disposal / sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Assets

Primary Government		Total	Component Units
Governmental Activities	Business Type Activities		
\$( 897,124)	\$ -	\$( 897,124)	\$ -
( 4,152,401)	-	( 4,152,401)	-
( 7,495,025)	-	( 7,495,025)	-
( 12,758,653)	-	( 12,758,653)	-
( 826,441)	-	( 826,441)	-
( 9,856,250)	-	( 9,856,250)	-
( 4,753,515)	-	( 4,753,515)	-
( 800,000)	-	( 800,000)	-
( 151,437)	-	( 151,437)	-
( 41,690,846)	-	( 41,690,846)	-
-	385,289	385,289	-
-	( 339,205)	( 339,205)	-
-	( 12,120)	( 12,120)	-
-	823,980	823,980	-
-	857,944	857,944	-
( 41,690,846)	857,944	( 40,832,902)	-
-	-	-	9,845,720
-	-	-	( 260,877)
-	-	-	202,141
-	-	-	147,160
-	-	-	9,934,144
47,253,761	-	47,253,761	-
1,330,569	-	1,330,569	-
871,097	379,424	1,250,521	18,465
9,448	886,560	896,008	-
-	-	-	( 6,664)
4,271,333	( 4,271,333)	-	-
53,736,208	( 3,005,349)	50,730,859	11,801
12,045,362	( 2,147,405)	9,897,957	9,945,945
54,609,456	48,183,901	102,793,357	123,060,849
\$ 66,654,818	\$ 46,036,496	\$ 112,691,314	\$ 133,006,794

**ST. CLAIR COUNTY, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	General	Health Department	Park and Recreation	Revenue Sharing Reserve
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,517,056	\$ 1,153,879	\$ 1,732,193	\$ 538,038
Investments	5,000,000	-	3,100,000	-
Receivables -				
Current and delinquent property taxes	18,769,170	-	2,622,768	9,273,744
Interest and accounts	204,868	100,213	2,767	-
Due from other governmental units -				
Federal/State	1,895,021	1,016,291	-	-
Local	7,180	-	-	-
Due from other funds	2,066,214	57,974	-	-
Due from component units	-	132,029	-	-
Advances to component units	50,000	-	-	-
Prepayments and deposits	42,000	13,781	285,373	-
	<u>\$ 30,551,509</u>	<u>\$ 2,474,167</u>	<u>\$ 7,743,101</u>	<u>\$ 9,811,782</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 747,403	\$ 393,539	\$ 49,520	\$ -
Accrued liabilities	1,085,050	194,690	12,217	-
Due to other governmental units -				
Federal/State	49,519	46,824	-	-
Due to other funds	10,384	-	-	2,066,214
Deferred revenue	19,874,628	751,259	2,772,837	-
	<u>21,766,984</u>	<u>1,386,312</u>	<u>2,834,574</u>	<u>2,066,214</u>
<b>Fund Balances:</b>				
Reserved -				
Prepaid Expenditures	92,000	13,781	285,373	-
Capital Projects	-	-	-	-
Permanent Funds	-	-	-	-
Unreserved -				
Designated -				
General Fund	6,197,800	-	-	-
Special Revenues Fund	-	-	1,365,477	-
Debt Service	-	-	-	-
Undesignated -				
General Fund	2,494,725	-	-	-
Special Revenue Funds	-	1,074,074	3,257,677	7,745,568
Total Equity	<u>8,784,525</u>	<u>1,087,855</u>	<u>4,908,527</u>	<u>7,745,568</u>
	<u>\$ 30,551,509</u>	<u>\$ 2,474,167</u>	<u>\$ 7,743,101</u>	<u>\$ 9,811,782</u>

The accompanying notes are an integral part of these financial statements.

Jail/Juvenile Facility Construction	Other Governmental Funds	Total Governmental Funds
\$ 2,271,262	\$ 9,824,258	\$ 18,036,686
4,023,186	118,274	12,241,460
-	6,771,362	37,437,044
-	1,049,697	1,357,545
-	504,556	3,415,868
-	-	7,180
-	-	2,124,188
-	-	132,029
-	-	50,000
-	28,157	369,311
<u>\$ 6,294,448</u>	<u>\$ 18,296,304</u>	<u>\$ 75,171,311</u>
\$ 3,428,084	\$ 547,407	\$ 5,165,953
-	226,936	1,518,893
-	-	96,343
-	57,974	2,134,572
-	8,206,585	31,605,309
<u>3,428,084</u>	<u>9,038,902</u>	<u>40,521,070</u>
2,866,364	28,157	419,311
-	181,389	3,047,753
-	22,396	22,396
-	-	6,197,800
-	879,704	2,245,181
-	1,597,860	1,597,860
-	-	2,494,725
-	6,547,896	18,625,215
<u>2,866,364</u>	<u>9,257,402</u>	<u>34,650,241</u>
<u>\$ 6,294,448</u>	<u>\$ 18,296,304</u>	<u>\$ 75,171,311</u>

**ST. CLAIR COUNTY, MICHIGAN**

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

Fund Balances - total governmental funds		\$	34,650,241
Amounts reported for governmental activities in the statement of net assets are different because:			
Prepaid Expenses recorded in the funds on the purchase method			159,010
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Capital assets			104,313,178
Accumulated depreciation		(	28,170,729)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			
Delinquent Personal Property taxes	266,622		
Housing Rehabilitation Loan	1,017,444		
Other	695,153		1,979,219
Internal Service Fund used by management to charge cost of property, liability, health, disability, workers compensation and life insurance expenses and claims. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			1,031,078
Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Bonds payable	( 43,775,000)		
Notes payable	( 7,738)		
Accrued interest on bonds/notes payable	( 442,271)		
Accrued compensated absence	( 3,979,613)	(	48,204,622)
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets, (netted against bonds payables)			931,882
Discounts and Premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net assets (netted against bonds payables)			
Bond Premium	( 361,001)		
Bond Discount	75,363	(	285,638)
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets			251,199
Net Assets of governmental activities		\$	66,654,818

The notes to the financial statements are an integral part of this statement.

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Health Department	Park and Recreation	Revenue Sharing Reserve
<b>Revenues:</b>				
Taxes	\$ 28,073,578	\$ -	\$ 2,608,516	\$ 9,811,782
Licenses and permits	395,254	273,360	-	-
Intergovernmental -				
Federal/State	7,731,436	5,070,263	-	-
Local	-	193,666	-	-
Charges for services	6,567,299	1,256,415	48,562	-
Fines and forfeits	635,058	-	-	-
Interest and rent	1,501,737	-	82,585	-
Other	1,564,296	12,206	3,836	-
Total Revenues	<u>46,468,658</u>	<u>6,805,910</u>	<u>2,743,499</u>	<u>9,811,782</u>
<b>Expenditures:</b>				
Current -				
Legislative	1,150,549	-	-	-
Judicial	10,212,096	-	-	-
General Government	11,695,084	-	-	-
Public Safety	15,243,173	-	-	-
Public Works	828,328	-	-	-
Health and Welfare	1,487,477	9,427,905	-	-
Recreation and Cultural	-	-	2,067,988	-
Other Activities	800,000	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	7,283	-	-	-
Interest	939	-	-	-
Issuance cost	-	-	-	-
Total Expenditures	<u>41,424,929</u>	<u>9,427,905</u>	<u>2,067,988</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>5,043,729</u>	<u>( 2,621,995)</u>	<u>675,511</u>	<u>9,811,782</u>
<b>Other Financing Sources (Uses):</b>				
Bond and loan proceeds	-	-	-	-
Premium on debt	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers from other funds	3,806,540	2,716,471	150,263	-
Transfers to other funds	( 8,491,132)	( 478,925)	-	( 2,066,214)
Total Other Financing Sources (Uses)	<u>( 4,684,592)</u>	<u>2,237,546</u>	<u>150,263</u>	<u>( 2,066,214)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>359,137</u>	<u>( 384,449)</u>	<u>825,774</u>	<u>7,745,568</u>
Fund Balances at beginning of year	8,425,388	1,472,304	4,082,753	-
Prior period adjustments	-	-	-	-
Fund Balances at beginning of year as restated	<u>8,425,388</u>	<u>1,472,304</u>	<u>4,082,753</u>	<u>-</u>
Fund Balances at end of year	<u>\$ 8,784,525</u>	<u>\$ 1,087,855</u>	<u>\$ 4,908,527</u>	<u>\$ 7,745,568</u>

The accompanying notes are an integral part of these financial statements.

<u>Jail/Juvenile Facility Construction</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 6,739,538	\$ 47,233,414
-	-	668,614
-	2,131,041	14,932,740
-	8,000	201,666
-	1,039,874	8,912,150
-	1,172,883	1,807,941
215,685	137,316	1,937,323
-	273,849	1,854,187
<u>215,685</u>	<u>11,502,501</u>	<u>77,548,035</u>
-	-	1,150,549
-	436,762	10,648,858
-	250,662	11,945,746
-	3,006,489	18,249,662
-	-	828,328
-	7,474,933	18,390,315
-	3,983,602	6,051,590
-	-	800,000
26,097,460	75,942	26,173,402
-	913,000	920,283
-	1,615,177	1,616,116
-	160,686	160,686
<u>26,097,460</u>	<u>17,917,253</u>	<u>96,935,535</u>
<u>( 25,881,775)</u>	<u>( 6,414,752)</u>	<u>( 19,387,500)</u>
-	9,625,000	9,625,000
-	385,068	385,068
-	( 10,094,007)	( 10,094,007)
4,050,000	5,426,365	16,149,639
-	( 842,035)	( 11,878,306)
<u>4,050,000</u>	<u>4,500,391</u>	<u>4,187,394</u>
<u>( 21,831,775)</u>	<u>( 1,914,361)</u>	<u>( 15,200,106)</u>
24,698,139	10,755,862	49,434,446
-	415,901	415,901
<u>24,698,139</u>	<u>11,171,763</u>	<u>49,850,347</u>
<u>\$ 2,866,364</u>	<u>\$ 9,257,402</u>	<u>\$ 34,650,241</u>

**ST. CLAIR COUNTY, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2004**

Net change in fund balances - total governmental funds			\$( 15,200,106)
Change in prepaid expenses recorded in the funds on the purchase method			35,247
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay			30,651,171
Depreciation expense		(	2,783,872)
Loss from sale/disposal of assets		(	87,011)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
			57,702
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.			
Principal payments on long term liabilities			920,283
Payments to refunding bond escrow agent			10,094,007
Bond Proceeds		(	9,625,000)
Bond Premium, net of amortization		(	361,001)
Bond Discount, net of amortization		(	3,207)
Deferred issuance cost, net of amortization			146,364
Amortization of deferred loss on refunding		(	62,125)
Internal service funds used by management to charge costs of property, liability, health, disability, workers compensation and life insurance expenses and claims. The net revenues (expenses) attributable to those funds is reported with governmental activities.			
		(	1,304,934)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.			
Decrease in accrued interest payable		37,178	
Increase in accrued compensated absences		( 169,334)	( 132,156)
Change in net assets of governmental activities			<u><u>\$ 12,345,362</u></u>

The notes to the financial statements are an integral part of this statement.



**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business Type Activities-Enterprise Funds				Governmental Activities
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 17,880,836	\$ 25,972,806	\$ 296,766	\$ 44,150,408	\$ 1,741,119
Accounts receivable					
Delinquent taxes	-	3,805,319	-	3,805,319	-
Interest and accounts	1,187,367	101,376	6,966	1,295,709	168,882
Due from other governmental units	204,904	-	-	204,904	-
Prepaid expenses	-	-	57,131	57,131	449,079
Due from other funds	-	-	10,384	10,384	-
Total Current Assets	<u>19,273,107</u>	<u>29,879,501</u>	<u>371,247</u>	<u>49,523,855</u>	<u>2,359,080</u>
<b>Property, Plant and Equipment:</b>					
Property, plant and equipment	12,792,998	-	10,132,702	22,925,700	126,182
Less - accumulated depreciation	( 6,376,088)	-	( 6,944,057)	( 13,320,145)	( 3,734)
Total Property, Plant and Equipment (net of accumulated depreciation)	<u>6,416,910</u>	<u>-</u>	<u>3,188,645</u>	<u>9,605,555</u>	<u>122,448</u>
Total Assets	<u>25,690,017</u>	<u>29,879,501</u>	<u>3,559,892</u>	<u>59,129,410</u>	<u>2,481,528</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts payable	329,571	42,487	25,997	398,055	119,439
Accrued expenses	8,663	-	8,404	17,067	1,016,511
Advances and deposits	-	777	-	777	-
Due to other governmental units -					
Federal/State	49,456	6,200	-	55,656	-
Advances from component units	-	-	89,281	89,281	-
Deferred revenue	-	-	42,393	42,393	-
Total Current Liabilities	<u>387,690</u>	<u>49,464</u>	<u>166,075</u>	<u>603,229</u>	<u>1,135,950</u>
<b>Long-Term Liabilities (less current portions):</b>					
Accrued vacation and sick	22,360	-	17,237	39,597	-
Accrued insurance claims	-	-	-	-	314,500
Estimated closure and post closure costs	12,450,088	-	-	12,450,088	-
Total Long-Term Liabilities	<u>12,472,448</u>	<u>-</u>	<u>17,237</u>	<u>12,489,685</u>	<u>314,500</u>
Total Liabilities	<u>12,860,138</u>	<u>49,464</u>	<u>183,312</u>	<u>13,092,914</u>	<u>1,450,450</u>
<b>NET ASSETS:</b>					
Investment in capital assets, net	6,416,910	-	3,188,645	9,605,555	122,448
Unrestricted	<u>6,412,969</u>	<u>29,830,037</u>	<u>187,935</u>	<u>36,430,941</u>	<u>908,630</u>
Total Net Assets	<u>\$ 12,829,879</u>	<u>\$ 29,830,037</u>	<u>\$ 3,376,580</u>	<u>\$ 46,036,496</u>	<u>\$ 1,031,078</u>

The accompanying notes are an integral part of these financial statements.

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Business Type Activities-Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Solid Waste Disposal System</u>	<u>Delinquent Tax Revolving</u>	<u>Other Proprietary Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Operating Revenues:</b>					
Intergovernmental -					
Federal/State	\$ 341,507	\$ -	\$ -	\$ 341,507	\$ -
Charges for services	5,178,230	441,820	181,581	5,801,631	7,759,018
Interest	-	886,560	-	886,560	-
Rents	-	-	120,851	120,851	-
Other	3,753	-	11,806	15,559	3,850
Total Operating Revenues	<u>5,523,490</u>	<u>1,328,380</u>	<u>314,238</u>	<u>7,166,108</u>	<u>7,762,868</u>
<b>Operating Expenses:</b>					
Personal services	255,546	-	229,849	485,395	98,303
Supplies	228,114	-	39,478	267,592	14,409
Other services	3,255,886	56,531	239,714	3,552,131	8,952,601
Depreciation	959,964	-	181,754	1,141,718	2,489
Total Operating Expenses	<u>4,699,510</u>	<u>56,531</u>	<u>690,795</u>	<u>5,446,836</u>	<u>9,067,802</u>
Operating Income (Loss)	823,980	1,271,849	( 376,557)	1,719,272	( 1,304,934)
<b>Non-Operating Revenues:</b>					
Interest	<u>35,494</u>	<u>342,683</u>	<u>-</u>	<u>378,177</u>	<u>-</u>
Net Income (Loss) Before Contributions	859,474	1,614,532	( 376,557)	2,097,449	( 1,304,934)
<b>Capital Contributions</b>	<u>-</u>	<u>-</u>	<u>26,479</u>	<u>26,479</u>	<u>-</u>
Net Income (Loss) Before Transfers	<u>859,474</u>	<u>1,614,532</u>	<u>( 350,078)</u>	<u>2,123,928</u>	<u>( 1,304,934)</u>
<b>Transfers:</b>					
Transfer In	-	-	256,007	256,007	-
Transfer Out	<u>( 4,050,000)</u>	<u>-</u>	<u>( 477,340)</u>	<u>( 4,527,340)</u>	<u>-</u>
	<u>( 4,050,000)</u>	<u>-</u>	<u>( 221,333)</u>	<u>( 4,271,333)</u>	<u>-</u>
Net Income (Loss)	( 3,190,526)	1,614,532	( 571,411)	( 2,147,405)	( 1,304,934)
Net Assets at beginning of year	<u>16,020,405</u>	<u>28,215,505</u>	<u>3,947,991</u>	<u>48,183,901</u>	<u>2,336,012</u>
Net Assets end of year	<u>\$ 12,829,879</u>	<u>\$ 29,830,037</u>	<u>\$ 3,376,580</u>	<u>\$ 46,036,496</u>	<u>\$ 1,031,078</u>

The accompanying notes are an integral part of these financial statements.

**ST. CLAIR COUNTY, MICHIGAN**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business Type Activities-Enterprise Funds				Governmental Activities
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>					
Cash receipts from customers	\$ 4,793,453	\$ 1,381,918	\$ 329,322	\$ 6,504,693	\$ 136,139
Cash receipts from interfund services	-	-	-	-	7,466,481
Cash payments to suppliers	( 2,894,490)	( 26,087)	( 250,736)	( 3,171,313)	( 8,893,799)
Cash payments to employees	( 251,270)	-	( 223,364)	( 474,634)	214,899
Net Cash Provided (Used) by Operating Activities	<u>1,647,693</u>	<u>1,355,831</u>	<u>( 144,778)</u>	<u>2,858,746</u>	<u>( 1,076,280)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers from/to other funds	( 4,050,000)	-	256,007	( 3,793,993)	-
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Capital contributions	-	-	26,479	26,479	-
Acquisition and construction of capital assets	( 2,261,055)	-	( 58,365)	( 2,319,420)	( 26,599)
Net Cash Used by Capital and Related Financing Activities	<u>( 2,261,055)</u>	<u>-</u>	<u>( 31,886)</u>	<u>( 2,292,941)</u>	<u>( 26,599)</u>
<b>Cash Flows From Investing Activities:</b>					
Interest earned	<u>35,494</u>	<u>342,683</u>	<u>-</u>	<u>378,177</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents for the year	( 4,627,868)	1,698,514	79,343	( 2,850,011)	( 1,102,879)
Cash and Cash Equivalents at Beginning of Year	<u>22,508,704</u>	<u>24,274,292</u>	<u>217,423</u>	<u>47,000,419</u>	<u>2,843,998</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 17,880,836</u></u>	<u><u>\$ 25,972,806</u></u>	<u><u>\$ 296,766</u></u>	<u><u>\$ 44,150,408</u></u>	<u><u>\$ 1,741,119</u></u>
<b>Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss) for the year	\$ 823,980	\$ 1,271,849	\$( 376,557)	\$ 1,719,272	\$( 1,304,934)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -					
Depreciation	959,964	-	181,754	1,141,718	2,489
Estimated closure and post closure costs	1,004,808	-	-	1,004,808	-
Change in assets and liabilities:					
Receivable	( 594,443)	51,203	1,614	( 541,626)	( 160,248)
Prepaid and deposits	-	-	31,886	31,886	41,138
Accounts payable/accrued expenses	( 411,022)	42,444	3,055	( 365,523)	345,275
Due to/from other governmental units	( 135,594)	( 4,784)	-	( 140,378)	-
Due to component units	-	-	42,393	42,393	-
Advances and deposits	<u>-</u>	<u>( 4,881)</u>	<u>( 28,923)</u>	<u>( 33,804)</u>	<u>-</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 1,647,693</u></u>	<u><u>\$ 1,355,831</u></u>	<u><u>\$( 144,778)</u></u>	<u><u>\$ 2,858,746</u></u>	<u><u>\$( 1,076,280)</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2004**

	Pension and Other Employee Benefit Trust Funds	Landfill Private-Purpose Trust Fund	Agency Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 7,148,917	\$ 1,508,139	\$ 1,955,328
Investments -			
U.S. Government Securities	33,101,264	-	-
Corporate Bonds	68,199,649	-	-
Stocks	76,311,055	-	-
Invested Court Appointed Trust	-	-	1,034,750
Receivables -			
Interest/dividends and accounts	856,232	-	7,401,202
Prepayments and Deposits	153,117	-	-
	<u>185,770,234</u>	<u>1,508,139</u>	<u>10,391,280</u>
Total Assets			
	<u>185,770,234</u>	<u>1,508,139</u>	<u>10,391,280</u>
<b>LIABILITIES:</b>			
Accounts payable	137,172	-	-
Due to individuals and agencies	262,552	-	9,690,451
Due to other governmental units -			
Federal/state	-	-	547,431
Local	-	-	153,398
	<u>399,724</u>	<u>-</u>	<u>10,391,280</u>
Total Liabilities			
	<u>399,724</u>	<u>-</u>	<u>10,391,280</u>
<b>NET ASSETS:</b>			
Reserved for -			
Reserved for employees' pension benefits	185,370,510	-	
Landfill perpetual care	-	1,508,139	
	<u>185,370,510</u>	<u>1,508,139</u>	
Total Net Assets			
	<u>185,370,510</u>	<u>1,508,139</u>	
Total Liabilities and Fund Balances	<u>\$ 185,770,234</u>	<u>\$ 1,508,139</u>	

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Landfill Private-Purpose Trust Fund</u>
<b>Additions:</b>		
Contributions		
Member contributions	\$ 2,051,964	\$ -
Employer contributions	<u>5,201,593</u>	<u>-</u>
Total Contributions	<u>7,253,557</u>	<u>-</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	4,796,525	-
Interest/Dividends	<u>6,043,438</u>	<u>10,185</u>
Net investment income	<u>10,839,963</u>	<u>10,185</u>
Total Additions	<u>18,093,520</u>	<u>10,185</u>
<b>Deductions:</b>		
Retirement payroll	6,093,198	-
Health insurance	2,974,636	-
Death benefits	66,500	-
Employee refunds	236,134	-
Administration	101,463	-
Professional fees	<u>607,076</u>	<u>-</u>
Total Deductions	<u>10,079,007</u>	<u>-</u>
Net Increase	8,014,513	10,185
Net assets held in trust for pension benefits		
Beginning of year	<u>177,355,997</u>	<u>1,497,954</u>
End of year	<u><u>\$ 185,370,510</u></u>	<u><u>\$ 1,508,139</u></u>

The accompanying notes are an integral part of these financial statements.

## **COMPONENT UNITS**

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2004**

	Road Commission	Department of Public Works	Community Mental Health Authority	Drain Commissioner	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,482,625	\$ 1,563,005	\$ 6,832,142	\$ 312,512	\$ 12,190,284
Receivables	3,371,367	702,655	2,096,395	545,814	6,716,231
Due from other component units	81,522	-	-	-	81,522
Advance to other component units	-	89,281	-	-	89,281
Inventories	1,152,795	-	-	-	1,152,795
Prepayments and deposits	413,437	180,800	267,216	-	861,453
Restricted Assets -					
Cash and cash equivalents	-	872,256	5,599,082	-	6,471,338
Receivables	-	38,594,684	-	-	38,594,684
Capital Assets ( net of accumulated depreciation)	-				
Assets not being depreciated	28,846,321	705,522	268,016	2,756,394	32,576,253
Assets being depreciated	68,049,653	17,927,000	877,224	5,464,611	92,318,488
 Total Assets	 105,397,720	 60,635,203	 15,940,075	 9,079,331	 191,052,329
<b>LIABILITIES</b>					
Payables and current liabilities	913,994	493,003	2,426,251	137,006	3,970,254
Accrued interest	114,305	-	-	22,247	136,552
Due to other component units	-	81,522	-	-	81,522
Deferred revenue	-	-	3,453,718	-	3,453,718
Advances and deposits	1,129,851	264,523	-	-	1,394,374
Advance from primary government	-	-	-	50,000	50,000
Liabilities payable from restricted assets	-	263,542	-	-	263,542
Non-current liabilities					
Due within one year	940,167	2,880,000	-	1,674,550	5,494,717
Due in more than one year	5,685,833	35,960,600	1,240,473	313,950	43,200,856
 Total Liabilities	 8,784,150	 39,943,190	 7,120,442	 2,197,753	 58,045,535
<b>NET ASSETS</b>					
Investments in Capital Assets, net of related liabilities	90,680,974	18,632,522	1,145,240	6,232,505	116,691,241
Restricted for:					
Risk corridor financing	-	-	4,358,609	-	4,358,609
Equipment replacement	-	548,622	-	63,743	612,365
Unrestricted	5,932,596	1,510,869	3,315,784	585,330	11,344,579
 Total net assets	 \$ 96,613,570	 \$ 20,692,013	 \$ 8,819,633	 \$ 6,881,578	 \$ 133,006,794

The accompanying notes are an integral part of these financial statements.

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
<b>Road Commission</b>				
Governmental activities:				
Highways and streets	\$ 18,055,526	\$ 3,937,106	\$ 24,253,704	\$ -
Interest on Long Term Debt	289,564	-	-	-
Total Road Commission	<u>18,345,090</u>	<u>3,937,106</u>	<u>24,253,704</u>	<u>-</u>
<b>Department of Public Works</b>				
Governmental activities:				
Debt service	<u>1,372,286</u>	<u>1,372,286</u>	<u>-</u>	<u>-</u>
Business Type Activities				
Water and Sewer	3,497,625	3,103,602	-	99,274
Public Safety	<u>187,996</u>	<u>221,868</u>	<u>-</u>	<u>-</u>
Total Proprietary activities	<u>3,685,621</u>	<u>3,325,470</u>	<u>-</u>	<u>99,274</u>
Total Department of Public Works	<u>5,057,907</u>	<u>4,697,756</u>	<u>-</u>	<u>99,274</u>
<b>Community Mental Health Authority</b>				
Governmental activities:				
Health and Welfare	<u>61,392,566</u>	<u>662,401</u>	<u>60,932,306</u>	<u>-</u>
<b>Drain Commissioners</b>				
Governmental activities:				
Public works	778,514	780,586	-	185,073
Interest on Long Term Debt	<u>39,985</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Drains	<u>818,499</u>	<u>780,586</u>	<u>-</u>	<u>185,073</u>
<b>Total Component Units</b>	<u>\$ 85,614,062</u>	<u>\$ 10,077,849</u>	<u>\$ 85,186,010</u>	<u>\$ 284,347</u>

General Revenues:

Unrestricted investment income  
Loss on disposal of fixed assets  
Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of these financial statements.



Net (Expense) Revenue and Change in Net Assets				
Road Commission	Department of Public Works	Community Mental Health Authority	Drains	Total
\$ 10,135,284				\$ 10,135,284
( 289,564)				( 289,564)
<u>9,845,720</u>				
	-			-
	( 294,749)			( 294,749)
	<u>33,872</u>			<u>33,872</u>
	( 260,877)			
	<u>( 260,877)</u>			
		<u>202,141</u>		202,141
			187,145	187,145
			( 39,985)	( 39,985)
			<u>147,160</u>	
				<u>9,934,144</u>
-	17,608	-	857	18,465
-	( 6,664)	-	-	( 6,664)
-	<u>10,944</u>	-	<u>857</u>	<u>11,801</u>
9,845,720	( 249,933)	202,141	148,017	9,945,945
86,767,850	20,941,946	8,617,492	6,733,561	123,060,849
<u>\$ 96,613,570</u>	<u>\$ 20,692,013</u>	<u>\$ 8,819,633</u>	<u>\$ 6,881,578</u>	<u>\$ 133,006,794</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting Entity –**

The County of St. Clair, Michigan, was organized on March 28, 1820, and covers an area of approximately 700 square miles, with the County seat located in the City of Port Huron, Michigan. The County operates under an elected Board of Commissioners (7 members) and provides services to its approximately 165,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture.

These financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

**BLENDED COMPONENT UNIT -**

**ST. CLAIR COUNTY BUILDING AUTHORITY** - was formed for the purpose of constructing and financing the Library and Public Service Buildings and any additional facilities which requires financing. The main function of the Authority at the present time is to pay off the building bonds. The three member Board is appointed by the Board of Commissioners, and the County is fiscally responsible for the Authority. As a result, the Authority has been included as a blended component unit.

**DISCRETELY PRESENTED COMPONENT UNITS –**

**ST. CLAIR COUNTY ROAD COMMISSION** - The St. Clair County Road Commission maintains local, state and federal trunklines within St. Clair County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance and contributions from other local governmental units within the County. The Road Commission operates under a Board which consists of three commissioners who are appointed by the County Commissioners. The Road Commission is financially accountable to the County for the following reasons; the County is secondarily obligated to provide repayment of a material loan through the State of Michigan, and all general long-term debt issuance, excluding capital lease purchase agreements, requires County authorization.

**ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS** - The Department of Public Works has the responsibility of administering the various Public Works Project Construction and Debt Service Funds under the provision of Act 185, Public Acts of 1957, as amended, as well as the DPW Revolving, Utility Operations and Maintenance Receiving and Wastewater Treatment Funds. The DPW operates under a Board which consist of three commissioners, who are appointed by the County Commissioners. The County Commissioners must authorize and approve any long-term debt issued by the DPW and are secondarily responsible for all operations and obligations.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**DRAINAGE DISTRICT** - The St. Clair County Drain Commissioner is solely responsible for the administration of the drainage districts established pursuant to Act 40, P.A. 1956, as amended, of the Michigan Drain Code. The statutory Inter-County Drainage Boards consists of the State Director of Agriculture and the Drain Commissioners of each County involved in the projects. Each of the drainage districts are separate legal entities. The Drainage Board or Drain Commissioners, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district upon authorization of the County Board of Commissioners.

**ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY** - On January 1, 2000 the St. Clair County Community Mental Health Services Board adopted Authority status under Public Act 290 of the Public Acts of 1995. The County Board of Commissioners appoints the 12 member board, can remove the appointed members at will, can dissolve the Authority and provides annual appropriations to the Authority.

**COMPONENT UNIT FINANCIAL STATEMENTS** - Complete financial statements of the St. Clair County Road Commission, St. Clair County Department of Public Works and the St. Clair County Community Mental Health Authority are audited separately and may be obtained from the administration offices at the following location:

St. Clair County Road Commission  
21 Airport Drive  
St. Clair, MI 48079

St. Clair County Department of Public Works  
21 Airport Drive  
St. Clair, MI 48079

St. Clair County Community Mental Health Authority  
1011 Military Street  
Port Huron, MI 48060

The funds associated with the activities of the drainage districts administered by the St. Clair County Drain Commissioner are included within the scope of the audit of the basic financial statements. Separate audited financial statements for this component unit was not issued.

**FISCAL YEAR ENDS** – All of the County Funds and Component Units operate and are reported on a December 31 year end with the exception of the St. Clair County Community Mental Health Authority which operates and is reported as of September 30.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

**B. Government-wide and fund financial statements –**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent of fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary governments financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Also only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

**General Fund** – is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Health Department Fund** – is used to account for the operations of providing health protection and health services. Financing is provided by state and federal grants, charges for services and general fund appropriations.

**Park and Recreation** – is used to account for county special millage to be used to expand and enhance our park system.

**Revenue Sharing Reserve** – is used for the collection of tax revenues for the replacement of State Shared Revenues.

**Jail/Juvenile Facility Construction** – is used to account for the bond proceeds and construction of the Jail/Juvenile facility.

The County reports the following major proprietary funds:

**Solid Waste Disposal System** – is used to account for the operations of the County-owned landfill which provides a disposal area for County commercial and residential refuse.

**Delinquent Tax Revolving Fund** – is used to account for the payment to each local unit of government within the County of the delinquent real property taxes outstanding as of March 1, of each year. The fund is also used to account for the collection of those delinquent taxes along with penalties and interest.

Additionally, the government reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**Debt Service Funds** – are used to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt of government funds.

**Capital Project Funds** – are used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary and Trust Funds).

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

**Internal Service Fund** – is used to account for the charges for services from funds and departments for self-funded disability, unemployment, workers compensation and health care, and to account for the payment of related insurance claims and expenses.

**Pension Trust and Other Employee Trust Funds** – are used to account or activity of the Employees Retirement System which accumulates resources for pension and health benefits payments for qualified employees.

**Private Purpose Trust Fund (Landfill Perpetual Care)** – is used to account for the accumulation of statutory fees and interest earnings to be used by the State of Michigan to safely maintain the landfill after the closure.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for this business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses for nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principle on-going operations. The principle operating revenues of the Enterprise and Internal Services Funds are charges to customers for sale and services. Operating expenses from Enterprise and Internal Service Funds include costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, the unrestricted resources, as they are needed.

**D. Assets, Liabilities and Net Assets or Equity –**

**Deposits and Investments –**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit with original maturities of three months or less from the date of acquisition. The investment trusts have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and are reported as cash and cash equivalents.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are value at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonably approximates fair value.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

**Receivables and Payables –**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible.

**Inventories and Prepaid Items –**

All inventories are valued at cost using the first in/first out (FIFO) method, except for the Road Commission (component unit) inventory that are stated at average cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to further accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Property Tax Calendar –**

The County's 2003 property taxes (2004 revenues) were levied on December 1, 2003 based on the taxable value of property located in the County as of the proceeding December 31 by the various municipalities within the County. On September 30, 2004, the Governor of the State of Michigan signed into law Public Act 357 of 2004, which gradually shifts County General property taxes from December to the following July starting in December 2004. All special purpose taxes will still be levied in December. As a result, the County's levied 2/3 of its general millage in December 2004 based on the taxable value of property as of December 31, 2003 and will levy the remaining 1/3 of the millage on July 1, 2005 based on the assessed value as of December 31, 2004. Each year, for the next two years, an additional 1/3 of the millage will be shifted to July, until the entire general millage is levied in July, which will be in 2007.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

The property taxes levied in December 2003 are recognized as revenue in 2004. The property taxes levied December 1, 2004 are budgeted as revenues in the subsequent year, except as explained below, therefore have been accrued as current taxes receivable, with the appropriate deferral.

In connection Public Act 357 provided a funding mechanism to serve as substitute to State Revenue Sharing Payments. This funding mechanism involves levying 1/3 of the general millage in December for the next three years, which is to be recorded in a Revenue Sharing Reserve Fund. This Revenue Sharing Reserve Fund will then pay the general fund the amount equal to the 2003 State Revenue Sharing payments. The amount levied in December 2004 has been recorded as receivable and revenue in the current year.

**Capital Assets –**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Road Commission and Drain Commission component units. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years, except for the St. Clair County Mental Health Authority which capitalize assets with an individual cost of \$1,000 or more and the St. Clair County Road Commission equipment which is capitalized as defined by the Michigan Department of Transportation without consideration of a minimum costs.. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives, with the exception for certain landfill assets which are depreciated based on the usage method:

	Years				
	<u>Primary Government</u>	<u>Road Commission</u>	<u>Mental Health</u>	<u>Department of Public Works</u>	<u>Drains</u>
Building/improvements	20-45	40	40	-	-
Drain System	-	-	-	-	50
Road Systems/Other					
Information	-	5-50	-	-	-
Utility System	-	-	-	50-60	-
Equipment	5-15	5-8	5-20	5-10	-
Books/Audiovisual	5-10	-	-	-	-



**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Compensated Absences –**

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All vested vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-Term Obligations –**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity –**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Estimates -**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Federal Programs –**

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit will be issued prior to August 31, 2005, under separate cover as supplementary information to the Annual Financial Statements.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**Budgetary Information –**

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis consistent with accounting principles generally accepted in the United States of America. The County employs the following procedures in establishing the budgetary data reflected in the financial statements.

- 1) Prior to Nov. 1, County departments, in conjunction with the Controller's Office, prepare and submit their proposed operating budgets for the calendar year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- 2) A Public Hearing is conducted to obtain taxpayers' comments.
- 3) Prior to December 31, the budgets are legally enacted through passage of a Board of Commissioner's resolution.
- 4) The budgets are legally adopted at the activity level for the General Fund and the functional level for the Special Revenue Funds, however for control purposes the budgets are maintained at the account level.
- 5) Formal budgetary integration is not employed for the Debt Service or Capital Projects Funds on an annual basis because effective budgetary control is achieved through project length financial plans.
- 6) After the budgets are adopted, the Administrator/Controller's Office is authorized to transfer budget amounts between accounts. Any revisions that exceed the total activities or functions as applicable must be approved by the Board of Commissioners.
- 7) The County does not employ encumbrance accounting as an expansion of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year end.
- 8) Budgeted amounts are reported as originally adopted, or as amended by the Board of Commissioners during the year.

Similar procedures are followed in the case of the Component Units included in the Reporting Entity of St. Clair County, except that the respective Administrator/Director of each performs the function described above rather than the County Administrator. Budgetary comparisons have not been made for the component unit financial statements but are available in their separately issued component unit financial statements; however, a summary of expenditures in excess of appropriations for the Component Units budgetary funds is included below.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (cont'd):**

**Excess of Expenditures Over Appropriations –**

**PRIMARY GOVERNMENT -**

**General Fund –**

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Legislative –			
Board of Commissioners	\$ 1,096,965	\$ 1,150,549	\$ 53,584
Judicial –			
District Court	2,159,749	2,183,484	23,735
General Government –			
Equalization	482,713	514,342	31,629
Human Resources	620,074	641,330	21,256
Professional Development	31,550	43,224	11,674
Prosecuting Attorney	2,225,066	2,235,412	10,346
Treasurer	605,211	621,809	16,598
21st Century	55,000	57,349	2,349
Great Start	19,500	27,239	7,739
CMH Grant	33,000	47,366	14,366
Head Start	3,825	5,203	1,378
Motor Pool	12,605	13,041	436
Public Safety –			
Sheriff	5,289,309	5,575,332	286,023
Dive Team	26,194	26,369	175
Correction/Jail	5,427,690	5,814,874	387,184
Jail Population Monitor	56,709	57,958	1,249
Inmate Billing	115,497	117,546	2,049
MI Drive Safety Task Force	45,000	51,899	6,899
Operation Stonegarden	-	35,142	35,142
Hazardous Material Handling	27,600	507,887	480,287
Home Land Security/ Equipment 04	40,000	41,965	1,965
Home Land Security/ Solution Planning 03	33,430	34,124	694
Home Land Security/ School Planning 03	12,000	12,979	979
Home Land Security/ Cert 03	10,000	10,412	412
Hazardous Mitigation 04	500	10,712	10,212
Annual Breakfast	6,000	6,856	856
Animal Shelter/Dog Warden	356,470	369,469	12,999
Animal Cruelty Custody Program	300	400	100
Health and Welfare –			
Ambulance	128,213	129,311	1,098
Transfers Out –			
Park and Recreation	116,800	150,263	33,463
Library	256,451	290,212	33,761
Drug Task Force	-	18,940	18,940
Senior Millage	-	33,760	33,760
Equipment and Replacement	-	56,235	56,235

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (cont'd):

	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
<b>Special Revenue Funds –</b>			
Health Department – Health and Welfare	\$ 9,304,964	\$ 9,427,905	\$ 122,941
<b>Nonmajor Special Revenue Funds –</b>			
Public Improvement – Public Safety	848,161	874,235	26,074
Drug Task Force – Public Safety	1,427,429	1,543,756	116,327
Substance Abuse – Operating Transfers to Other Funds	-	57,974	57,974
Deeds Automation – General Government	240,000	250,662	10,622

A budget was not adopted for the Revenue Sharing Reserve Fund since the law creating the fund, Public Act 357 of 2004, was not signed into law until September 30, 2004, and guidelines on how to implement the law were not released until late December 2004.

**Component Units -**

The Component Units adopt budgets at the following levels: the St. Clair County Road Commission adopts its budget at the activity level; the Department of Public Works, Debt Service Funds, and the Drain Debt Service Funds at the account level; St. Clair County Community Mental Health Authority at the total expenditure level. During the year ended December 31, 2004, the Component Units did not incur expenditures in excess of the amounts appropriated.

**Deficits –**

At December 31, 2004, the County Drain Fund had a deficit of \$43,878. The deficit will be eliminated as assessments are made by the Drain Commissioner for work that has been performed.

NOTE 3 - DEPOSITS AND INVESTMENTS:

**Authorized Deposits and Investments -**

Investments are carried at cost or fair value as explained in Note 1, and are deposited in the name of the St. Clair County Treasurer. Act 217 PA 1982 as amended authorizes the County to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the County to invest surplus funds in bonds, securities and other direct obligations or repurchase agreements consisting of these financial instruments of the United States government or an agency or instrumentality of the United States; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grades by not less than one standard rating service, mutual funds registered under the investment company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, certificates of deposit, savings accounts, or deposit accounts of a financial institution; investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the surplus funds investment pool act, 1982 PA 3657, 129.111 to 129.118.

**Carrying Amount –**

At year end, the carrying amount of the County Reporting Entity's deposits and investments is \$284,090,398 as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Unit</u>	<u>Reporting Entity</u>
Cash on Hand -				
Petty cash and cash on hand	\$ 14,053	\$ 3,675	\$ -	\$ 17,728
Deposits with Financial Institutions -				
Checking/Money Market	13,329,888	13,067,535	2,128,080	28,525,503
Savings/Certificates of Deposit				
Total Deposits	<u>58,526,054</u>	<u>2,308,212</u>	<u>270,303</u>	<u>61,104,569</u>
	<u>71,869,995</u>	<u>15,379,422</u>	<u>2,398,383</u>	<u>89,647,800</u>
Investments -				
Investment Trust Funds	4,299,678	3,282,200	8,214,002	15,795,880
U.S. Government Securities	-	-	33,101,264	33,101,264
Corporate Bonds	-	-	68,199,649	68,199,649
Stocks	-	-	76,311,055	76,311,055
Investments Held by Broker	-	-	1,034,751	1,034,750
Total Investments	<u>4,299,678</u>	<u>3,282,200</u>	<u>186,860,720</u>	<u>194,442,598</u>
Grand Total	<u>\$ 76,169,673</u>	<u>\$18,661,622</u>	<u>\$189,259,103</u>	<u>\$ 284,090,398</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

**Reconciliation To Combined Balance Sheet**

Reported as Cash and Cash Equivalents -

Petty Cash and Cash On Hand	\$ 17,728
Cash in Checking	28,525,503
Cash in Savings	27,348,109
Certificates of Deposit	21,515,000
Investment Trust Funds	<u>15,795,880</u>
Total Cash and Cash Equivalents Reported on Combined Balance Sheet	<u>93,202,220</u>

Reported as Investments -

Certificates of Deposits	\$ 12,241,460
U.S. Government Securities	33,101,264
Corporate Bonds	68,199,649
Stocks	76,311,055
Investments Held by Broker-Dealer	<u>1,034,750</u>
Total Investments Reported on Combined Balance Sheet	<u>190,888,178</u>

Grand Total - Combined Balance Sheet \$284,090,398

**Deposits with Financial Institutions -**

Michigan Public Acts authorize the units of local government in Michigan to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations. All deposits of the County are at federally insured banks in the State of Michigan in the name of the County.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured institution for savings and demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000.

An element of the County cash structure is the common account, which is utilized by most of the funds and component units within the reporting entity. Segregation of the bank balance between the primary government and component units was not practical. The bank balance of the common checking account was included as part of the primary government's demand deposits for the determination of FDIC insurance coverage.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

The following summary of the deposits for the primary government and each component unit at December 31, 2004, are exclusive of petty cash, cash on hand and the common account:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>FDIC Coverage</u>	<u>Uninsured/ Uncollateralized</u>
Primary Government/Fiduciary	<u>\$ 74,254,325</u>	<u>\$ 75,282,017</u>	<u>\$ 631,708</u>	<u>\$ 74,650,309</u>
Component Units -				
Road Commission	2,731,207	2,812,313	100,000	2,712,313
Department of Public Works	216,566	-	-	-
Community Mental Health Authority	<u>12,427,974</u>	<u>12,710,097</u>	<u>100,000</u>	<u>12,610,097</u>
Total Component Units	<u>15,375,747</u>	<u>15,522,410</u>	<u>200,000</u>	<u>15,322,410</u>
Total Reporting Entity	<u>\$ 89,630,072</u>	<u>\$ 90,804,427</u>	<u>\$ 831,708</u>	<u>\$ 89,972,719</u>

The County believes that due to the dollar amounts of cash deposits and the limits of FDIC Insurance, it is impractical to insure all bank deposits. As a result the County evaluates each financial institution and assesses the level of risk. The County uses only those financial institutions with an acceptable estimated risk level as depositories.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as deposits increased significantly. As a result, the amount of uninsured and uncollateralized deposits were substantially higher at these peak periods than at year end.

**Investments -**

County investments can be classified into three categories to give an indication of the level of risk assumed by the County. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent but not in the County's name.

An exception to this classification requirement is investments in an investment pool that are not evidenced by securities that exist in physical or book entry form. The Primary Government/Fiduciary Funds and Component Units held investments in various investment pools that are of this type and complied with legal authority and amounted to \$12,513,680 and \$3,282,200, respectively.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

As of December 31, 2004, the investments of the primary government and each component unit are susceptible to the following risk categories as summarized in the following table:

	<u>Categories</u>			<u>Carrying/Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
<u>Fiduciary Unit</u>				
U.S. Government securities (at cost net of unamortized premiums and discounts)	\$ -	\$ -	\$ 33,101,264	\$ 33,101,264
Corporate Bonds (at cost net of unamortized discounts)	-	-	68,199,649	68,199,649
Stocks (at cost)	-	-	<u>76,311,055</u>	<u>76,311,055</u>
Total Pension Fund Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$177,611,968</u>	177,611,968
Investment Trust				8,214,002
Invested Court Appointed Trust				<u>1,034,750</u>
Total Fiduciary Unit				186,860,720
<u>Primary Government</u>				
Investment Trusts				<u>4,299,678</u>
Total Primary Government				<u>191,160,398</u>
<u>Component Units</u>				
Road Commission - Investment Trust				751,168
Drain Commission - Investment Trust				312,512
Department of Public Works Investment Trust				<u>2,218,520</u>
Total Component Units				<u>3,282,200</u>
Total Reporting Entity				<u>\$194,442,598</u>

The Invested Court Appointed Trust represents stocks, bonds, certificate of deposit and other negotiable assets directed by the Court to be held by the County Treasurer in the beneficiary's name and released to the beneficiary when directed by the Court. These assets are uninsured and unregistered investments held by the Treasurer.

**NOTE 4 – RECEIVABLES:**

Receivables in the governmental and business type activities are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Property Taxes	\$ 37,437,044	\$ 3,805,319
Interest and accounts	1,526,427	1,295,709
Intergovernmental –		
Federal/State	3,415,868	-
Local	<u>7,180</u>	<u>204,904</u>
	42,386,519	5,305,932
Less – allowance for uncollectible	<u>( 300,000)</u>	<u>-</u>
	<u>\$ 42,086,519</u>	<u>\$ 5,305,932</u>



**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 4 – RECEIVABLES – (cont’d):**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned or are received in advance of the period they are intended to finance. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund –		
Property taxes	\$ 400,771	\$ 19,444,475
Grants/fees received prior to meeting all eligibility requirements	<u>-</u>	<u>29,382</u>
	<u>400,771</u>	<u>19,473,857</u>
Health Department –		
Grants	695,153	-
Grant/fees received prior to meeting all eligibility requirements	<u>-</u>	<u>56,106</u>
	<u>695,153</u>	<u>56,106</u>
Park and Recreation		
Property taxes	<u>35,848</u>	<u>2,736,989</u>
Non-Major Governmental Funds –		
Property taxes	130,003	7,035,580
Grants	-	23,558
Revolving loan	<u>1,017,444</u>	<u>-</u>
	<u>1,147,447</u>	<u>7,059,138</u>
Total deferred/unearned receivables in governmental funds	<u>\$ 2,279,219</u>	<u>\$ 29,326,090</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 5 – CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
<b>General Government:</b>				
Capital Assets, not being depreciated				
Land	\$ 1,898,047	\$ 20,952	\$ -	\$ 1,918,999
Construction in Progress	9,923,013	27,999,073	-	37,922,086
Total Capital Assets, not being depreciated	<u>11,821,060</u>	<u>28,020,025</u>	<u>-</u>	<u>39,841,085</u>
Capital Assets, being depreciated				
Building	39,200,341	725,302	-	39,925,643
Improvement other than buildings	3,060,148	150,759	-	3,210,907
Machinery and equipment	7,998,218	990,289	236,756	8,751,751
Books	12,785,542	464,796	540,364	12,709,974
Total capital assets being depreciated	<u>63,044,249</u>	<u>2,331,146</u>	<u>777,120</u>	<u>64,598,275</u>
Less accumulated depreciation for:				
Buildings	11,016,314	840,105	-	11,856,419
Improvements other than buildings	1,069,282	126,234	-	1,195,516
Machinery and Equipment	4,958,408	1,045,452	176,343	5,827,517
Books	9,060,805	774,570	540,364	9,295,011
Total accumulated depreciation	<u>26,104,809</u>	<u>2,786,361</u>	<u>716,707</u>	<u>28,174,463</u>
Total capital assets being depreciated, net	<u>36,939,440</u>	<u>( 455,215)</u>	<u>60,413</u>	<u>36,423,812</u>
Governmental activities capital assets, net	<u>\$ 48,760,500</u>	<u>\$ 27,564,810</u>	<u>\$ 60,413</u>	<u>\$ 76,264,897</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 5 – CAPITAL ASSETS – (cont'd):**

	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
<b>Business Type Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 1,077,858	\$ -	\$ -	\$ 1,077,858
Construction in progress	4,147,874	2,109,156	1,453,848	4,803,182
Total Capital assets, not being depreciated	<u>5,225,732</u>	<u>2,109,156</u>	<u>1,453,848</u>	<u>5,881,040</u>
Capital Assets, being depreciated				
Building	1,454,544	476,470	483,383	1,447,631
Improvements other than buildings	13,962,748	1,084,423	-	15,047,171
Machinery and Equipment	446,639	103,219	-	549,858
Total capital assets being depreciated	<u>15,863,931</u>	<u>1,664,112</u>	<u>483,383</u>	<u>17,044,660</u>
Less accumulated depreciation for:				
Building	261,946	27,703	6,043	283,606
Improvements other than buildings	11,574,248	1,086,640	-	12,660,888
Machinery and Equipment	348,276	27,375	-	375,651
Total accumulated depreciation	<u>12,184,470</u>	<u>1,141,718</u>	<u>6,043</u>	<u>13,320,145</u>
Total capital assets being depreciated, net	<u>3,679,461</u>	<u>522,394</u>	<u>477,340</u>	<u>3,724,515</u>
Business type activities capital assets, net	<u>\$ 8,905,193</u>	<u>\$ 2,631,550</u>	<u>\$ 1,931,188</u>	<u>\$ 9,605,555</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Judicial	\$ 122,923
General government	1,166,869
Public Safety	423,748
Health and Welfare	70,321
Recreation and Cultural	<u>1,000,011</u>
Total depreciation expense-governmental activities	2,783,872
Depreciation in the internal service fund	<u>2,489</u>
	<u>\$ 2,786,361</u>

Business-type activities:

Solid waste disposal system	\$ 959,964
Airport Commission	<u>181,754</u>
Total depreciation expense-business-type activities	<u>\$ 1,141,718</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 5 – CAPITAL ASSETS – (cont'd):**

**Construction/Purchase Commitments**

The County has committed to the following contracts at December 31, 2004 (These commitments do not include contracts which have been agreed to and all contractual payments have been made or changed orders made after December 31, 2004):

	<u>Contract Amount</u>	<u>Payments Through</u>	<u>Accounts Payable/ 12/31/04</u>	<u>Remaining Balance Retention</u>
<u>12/31/04</u>				
Jail/Juvenile Facility	\$ 40,359,969	\$ 29,334,860	\$ 3,413,365	\$ 7,611,744
Wetland Banking (a)	3,500,000	700,000	-	2,800,000
County Park Purchase (b)	3,200,000	100,000	-	3,100,000
Communication System (c)	8,852,166	-	-	8,852,166

- (a) The Wetlands Banking contracts were not formally approved by the Board of Commissioners and, as a result, the Commissioners are assessing whether the projects will be completed.
- (b) The County has been awarded a grant by the State of Michigan to cover \$2,312,500 of the purchase costs. The remaining amount has been designated in the Parks and Recreation Fund.
- (c) In 2004 the County entered into a contract with Motorola Corporation to completely revamp the communications system in the County. The contract was dependent on financing the project with some ratio of user fees and grants, which, as of December 31, 2004 has not been determined. The County has the right to void the contract if the financing plan is not approved.

**Discretely Presented Component Units**

**Drain Commissioner.** Activity for the Drain Commissioner for the year ended December 31, 2004, was as follows:

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 1,990,404	\$ 798,150	\$ 32,160	\$ 2,756,394
Capital assets, being depreciated:				
Infrastructure	9,185,298	104,825	-	9,290,123
Less accumulated depreciation for:				
Infrastructure	<u>3,700,496</u>	<u>125,016</u>	<u>-</u>	<u>3,825,512</u>
Total capital assets being depreciated, net	<u>5,484,802</u>	<u>(20,191)</u>	<u>-</u>	<u>5,464,611</u>
Drain Commissioner capital assets, net	<u>\$ 7,475,206</u>	<u>\$ 777,959</u>	<u>\$ 32,160</u>	<u>\$ 8,221,005</u>

Depreciation expense for 2004 was \$125,016.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 5 – CAPITAL ASSETS – (cont'd):**

**Road Commission.** Activity for the Road Commission for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Deletions	Adjustments/ Removals	Balance December 31, 2004
Capital Assets, not being depreciated –					
Land	\$ 80,829	\$ 1,300	\$ -	\$( 16,500)	\$ 65,629
Land improvements	25,728,466	1,868,193	-	-	27,596,659
Right of Ways	<u>1,171,533</u>	<u>12,500</u>	-	-	<u>1,184,033</u>
Total Capital Assets, not being depreciated	<u>26,980,828</u>	<u>1,881,993</u>	-	<u>( 16,500)</u>	<u>28,846,321</u>
Capital Assets, being depreciated –					
Buildings and improvements	4,357,020	56,664	-	16,500	4,430,184
Road Equipment	9,764,390	931,985	217,501	-	10,478,874
Shop Equipment	665,084	49,100	4,651	( 94,293)	615,240
Office Equipment	705,953	9,958	314,915	( 141,042)	259,954
Engineering equipment	322,279	5,181	22,660	( 48,345)	256,455
Infrastructure –					
Roads	63,303,112	10,270,136	-	( 1,633,505)	71,939,743
Bridges	24,844,600	952,004	-	( 48,492)	25,748,112
Traffic signals	375,186	4,085	-	-	379,271
Depletable assets –					
Gravel pits	<u>163,455</u>	-	-	-	<u>163,455</u>
	<u>104,501,079</u>	<u>12,279,113</u>	<u>559,727</u>	<u>( 1,949,177)</u>	<u>114,271,288</u>
Less – accumulated depreciation for –					
Buildings and improvements	\$ 1,852,946	\$ 159,653	\$ -	\$ -	\$ 2,012,599
Road Equipment	7,508,296	950,147	( 216,261)	-	8,242,182
Shop Equipment	567,709	( 46,237)	( 5,568)	( 74,178)	441,726
Office Equipment	547,979	64,396	( 307,017)	( 118,459)	186,899
Engineering Equipment	203,365	29,759	( 20,080)	( 34,941)	178,103
Infrastructure –					
Roads	22,936,834	3,151,243	-	( 1,633,505)	24,454,572
Bridges	9,988,540	510,811	-	( 48,492)	10,450,859
Traffic signals	190,092	18,261	-	-	208,353
Depletable Assets	<u>46,342</u>	-	-	-	<u>46,342</u>
	<u>43,842,103</u>	<u>4,838,033</u>	<u>548,926</u>	<u>( 1,909,575)</u>	<u>46,221,635</u>
Total Capital Assets, being depreciated, net	<u>60,658,976</u>	<u>7,441,080</u>	<u>10,801</u>	<u>( 39,602)</u>	<u>68,049,653</u>
Governmental activity capital assets, net	<u>\$ 87,639,804</u>	<u>\$ 9,323,073</u>	<u>\$ 10,801</u>	<u>\$( 56,102)</u>	<u>\$96,895,974</u>

Depreciation expense for 2004 was \$4,838,033.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 5 – CAPITAL ASSETS – (cont'd):**

**Department of Public Works.** Activity for the Department of Public Works for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Adjustments	Balance December 31, 2004
Business type activities:				
Capital assets, not being depreciated –				
Land	\$ 705,522	\$ -	\$ -	\$ 705,522
Construction in progress	<u>2,797,246</u>	<u>-</u>	<u>( 2,797,246)</u>	<u>-</u>
	<u>3,502,768</u>	<u>-</u>	<u>( 2,797,246)</u>	<u>705,522</u>
Capital assets being depreciated –				
Plant	7,706,599	2,896,520	-	10,603,119
Utility system	18,678,054	-	-	18,678,054
Machinery and equipment	1,018,467	76,461	( 35,986)	1,058,942
Site Development	<u>282,614</u>	<u>6,253</u>	<u>-</u>	<u>288,867</u>
	<u>27,685,734</u>	<u>2,979,234</u>	<u>( 35,986)</u>	<u>30,628,982</u>
Less – accumulated depreciation for –				
Site Development	69,270	13,182	-	82,452
Plant	3,379,279	183,097	-	3,562,376
Utility system	8,127,543	311,301	-	8,438,844
Machinery and equipment	<u>592,616</u>	<u>55,016</u>	<u>( 29,322)</u>	<u>618,310</u>
	<u>12,168,708</u>	<u>562,596</u>	<u>( 29,322)</u>	<u>12,701,982</u>
Total Capital Assets, being depreciated, net	<u>15,517,026</u>	<u>2,416,638</u>	<u>( 6,664)</u>	<u>17,927,000</u>
Business type activities capital assets, net	<u>\$19,019,794</u>	<u>\$2,416,638</u>	<u>\$(2,803,910)</u>	<u>\$18,632,522</u>

Depreciation expense was charged to function/programs as follows:

Business type activities –	
Water and Sewer	<u>\$ 562,596</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 5 – CAPITAL ASSETS – (cont'd):

Community Mental Health Authority. Activity for the Community Mental Health Authority for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated –				
Land	\$ 20,000	\$ 52,151	\$ -	\$ 72,151
Construction in Progress	<u>-</u>	<u>195,865</u>	<u>-</u>	<u>195,865</u>
	<u>20,000</u>	<u>248,016</u>	<u>-</u>	<u>268,016</u>
Capital assets being depreciated –				
Building	141,914	-	-	141,914
Leasehold improvements	374,792	25,939	-	400,731
Equipment	<u>1,940,586</u>	<u>165,715</u>	<u>230,290</u>	<u>1,876,011</u>
	<u>2,457,292</u>	<u>191,654</u>	<u>230,290</u>	<u>2,418,656</u>
Less accumulated depreciation for –				
Building	21,226	6,758	-	27,984
Leasehold improvements	172,775	28,025	-	200,800
Equipment	<u>1,270,221</u>	<u>263,457</u>	<u>221,030</u>	<u>1,312,648</u>
	<u>1,464,222</u>	<u>298,240</u>	<u>221,030</u>	<u>1,541,432</u>
Net capital assets being depreciated	<u>993,070</u>	<u>(106,586)</u>	<u>9,260</u>	<u>877,224</u>
Total capital assets net of depreciation	<u>\$ 1,013,070</u>	<u>\$ 141,430</u>	<u>\$ 9,260</u>	<u>\$1,145,240</u>

Depreciation expense for 2004 was \$298,240.

NOTE 6 – PAYABLES:

Payables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-Type Activities
Accounts payable/accrued liabilities	\$ 5,871,403	\$ 398,055
Wages and fringe benefits	1,518,893	17,067
Intergovernmental – Federal/State	<u>96,343</u>	<u>55,656</u>
	<u>\$ 7,486,639</u>	<u>\$ 470,778</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 7 – INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

The composition of interfund balances as of December 31, 2004:

Due To/From Other Funds –

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Revenue Sharing Reserve	\$ 2,066,214
Health Department	Substance Abuse	57,974
		<u>\$ 2,124,188</u>
Nonmajor Business Funds – Sheriff's concession	General Fund	<u>\$ 10,384</u>

The amount due between funds represents transfers between funds that were recorded at the end of the year.

Due To/From Primary Government & Component Units –

<u>Receiving Entity</u>		
Health Department	Component Unit – Mental Health Authority	<u>\$ 132,029</u>
Component Unit – Road Commission	Component Unit – DPW	<u>\$ 81,522</u>

The St. Clair County Community Mental Health Authority owed the Health Department \$132,029 at December 31, 2004, however because the Authority is reported on a September 30 year end, there is no offsetting payable.

Advances From/To Primary Government & Component Unit –

<u>Receiving Entity</u>		
Component Unit - Drains	Primary Government – General Fund	<u>\$ 50,000</u>
Airport	Component Unit – DPW	<u>\$ 89,281</u>

The advance represents the long-term loan between funds for cash flow purposes.



ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 7 – INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS – (cont'd):

Transfers From/To Other Funds -

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	E-911	\$ 325,778 (4)
	Airport	477,340 (5)
	Health Department	478,925 (6)
	Planning Commission	11,345 (6)
	Public Improvement	109,405 (4)
	Deeds Automation	62,358 (4)
	Drug Task Force	221,927 (4)
	Revenue Sharing Reserve	2,066,214 (7)
	Social Welfare	53,248 (6)
Health Department	General Fund	2,658,497 (1)
	Substance Abuse	57,974 (1)
Jail/Juvenile Facility Construction	Solid Waste Disposal System	4,050,000 (3)
Parks and Recreation	General	150,263 (1)
Nonmajor Governmental Funds --		
Planning Commission	General	519,852 (1)
Public Improvement	General	137,047 (1)
Library	General	290,212 (1)
Drug Task Force	General	18,940 (1)
Senior Millage	General	33,760 (1)
CDBG Housing	General	10,000 (1)
Social Welfare	General	758,750 (1)
Child Care	General	2,792,157 (1)
Building HVAC Renovation	General	56,235 (2)
Building Authority Debt Retirement	General	809,251 (2)
Building Authority Construction	General	161 (1)
Nonmajor Business Funds --		
Airport	General	<u>256,007</u> (1)
Total Transfer		<u>\$ 16,405,646</u>

- (1) Annual appropriations for operations
- (2) Transfers for the payment of debt
- (3) Transfers for construction
- (4) Reimbursement for expenditures incurred in the General Fund
- (5) Transfers of Building to Planning Commission
- (6) Return of Equity
- (7) Substitution for State Revenue Sharing

**ST. CLAIR COUNTY, MICHIGAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 8 – LEASES:**

**Primary Government**

**Lessor Leases** - The County has entered into an operating lease agreement with the State of Michigan to lease approximately 49.3% (33,694 square feet) of the County Administration Building. The agreement calls for annual rent payments of \$529,507 per year including \$5 per related square feet for operating costs to be adjusted based on actual operating cost after the end of each year. The original lease is for 25 years ending July 31, 2022 with an option to rent for an additional five years. However the lease may be cancelled by the State for various reasons with at least 90 days notice. The noncancellable portion of the lease was \$132,377.

**Department of Public Works**

The DPW (County) has entered into a number of capital lease agreements with various municipalities within the County. Under the agreements, the DPW (County) issued bonds or obtained loans that were used for the construction of water and/or sewage disposal systems. The municipalities agreed to pay the DPW (County) the amount necessary to pay the principal, interest and paying agent fees as they come due. Upon final payment of the respective bond issue or loans, ownership of the system will revert to the respective municipality. (See Note 9).

The future minimum lease payments to be received are as follows:

	<u>Principal</u>	<u>Interest</u>
2005	\$ 2,580,000	\$ 1,364,082
2006	2,445,000	1,284,391
2007	2,495,000	1,207,004
2008	2,620,000	1,132,581
2009	2,740,000	1,047,018
2010-2014	13,260,000	3,852,881
2015-2019	10,920,600	1,683,055
2020-2024	<u>1,780,000</u>	<u>164,619</u>
	<u>\$ 38,840,600</u>	<u>\$ 11,735,631</u>

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2004 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 38,840,600
Accrued interest	<u>263,542</u>
	39,104,142
Less –	
Cash available after	
current liabilities	(348,634)
Prepaid expense	<u>(160,824)</u>
	<u>\$ 38,594,684</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT:**

**PRIMARY GOVERNMENT -**

The following is a summary of changes in the long-term debt (including current portions) of the Primary Government for the year ended December 31, 2004:

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<u>Governmental Activities:</u>					
Governmental Fund -					
1996 Building Authority Bonds	\$ 10,100,000	\$ -	\$ 9,400,000	\$ 700,000	\$ 300,000
2004 Building Authority Refunding Bonds	-	9,625,000	-	9,625,000	100,000
2003 General Obligation Bond	34,000,000	-	550,000	33,450,000	600,000
Installment Loan Agreements	78,021	-	70,283	7,738	7,738
Accumulated Vacation, Sick & Compensatory	3,810,279	1,820,429	1,651,095	3,979,613	150,000
Deferred amounts for -					
Issuance Discounts	( 78,570)	-	3,207	( 75,363)	-
Issuance Premiums	-	385,068	( 24,067)	361,001	-
Refunding Loss	-	( 994,007)	62,125	( 931,882)	-
Total Governmental Funds	<u>47,909,730</u>	<u>10,836,490</u>	<u>11,712,643</u>	<u>47,116,107</u>	<u>1,157,738</u>
Internal Service Fund -					
Workers Compensation Claims Liability	202,000	133,235	165,235	170,000	142,800
General, Auto and Property Insurance Claims Liability	<u>70,000</u>	<u>602,686</u>	<u>97,686</u>	<u>575,000</u>	<u>287,500</u>
Total Internal Service Fund	<u>272,000</u>	<u>735,921</u>	<u>262,921</u>	<u>745,000</u>	<u>430,300</u>
Total Governmental Activities	<u>48,181,730</u>	<u>11,572,411</u>	<u>11,975,564</u>	<u>47,861,107</u>	<u>1,588,038</u>
<u>Enterprise Funds:</u>					
Solid Waste Disposal System -					
Closure and Post-closure Costs	11,445,280	1,004,808	-	12,450,088	-
Accumulated Vacation, Sick & Compensatory	20,692	1,668	-	22,360	-
Airport Commission -					
Accumulated Vacation, Sick & Compensatory	<u>13,949</u>	<u>3,288</u>	<u>-</u>	<u>17,237</u>	<u>-</u>
Total Enterprise Funds	<u>11,479,921</u>	<u>1,009,764</u>	<u>-</u>	<u>12,489,685</u>	<u>-</u>
Total Primary Government	<u>\$59,661,651</u>	<u>\$12,582,175</u>	<u>\$11,975,564</u>	<u>\$ 60,350,792</u>	<u>\$ 1,588,038</u>

Significant details regarding outstanding long-term debt (including current portions) are presented as follows:

**Building Authority Bonds -**

In connection with the construction of the County Administrative Building, the St. Clair County Building Authority issued \$11,000,000 general obligation limited tax bonds and entered into a lease agreement with the County to be paid from the County General Fund. The bonds, dated October 1, 1996, were partially refunded in February 2004. The remaining bonds are due in annual installments of \$300,000 in 2005 and \$400,000 in 2006, plus interest of 7.0%

\$ 700,000

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

The Building Authority issued \$9,625,000 of general obligation limited tax refunding bonds to provide resources to purchase U.S. Government, State and Local Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$9,100,000 of general obligation limited tax bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed for the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$994,007. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce the total debt service payments over the next 17 years by \$369,426 and resulted in an economic gain of \$271,928.

\$ 9,625,000

\$10,325,000

**General Obligation Tax Note –**

The County issued \$34,000,000 of General Obligation Limited Tax Bonds, pursuant to Act 34, Public Act of Michigan. The notes are for the design and construction of a jail and juvenile facility. The bonds, dated June 4, 2003, are due in annual installments increasing from \$550,000 to \$2,450,000 through April 1, 2028; plus interest ranging from 2.5 to 4.5 percent, payable semi-annually

\$33,450,000

**Installment Loan Agreements -**

On April 4, 2003, a lease purchase agreement in the amount of \$15,021. The agreement calls for payments of \$8,222 through April 4, 2005, including interest of 6.25%

\$ 7,738

**Accrued Insurance Claims -**

The County has estimated the accrued claims for general and auto liability, motor vehicle physical damage and property, including estimates for claims incurred but not reported (IBNR), at December 31, 2004. The dollar amount of these claims are reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$287,507

\$ 575,000

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Accrued Worker's Compensation Claims -**

The County has estimated accrued outstanding workers' compensation insurance claims, including an estimate for claims incurred but not reported (IBNR), at December 31, 2004. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$142,800.

\$ 170,000

**Accrued Vacation, Sick and Compensatory -**

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation, sick and compensatory leave under formulas and conditions specified in the contracts. The Enterprise Fund portion of \$39,597 has been recorded as a long-term liability of the respective fund. The governmental fund portion of \$3,979,613, as well as the enterprise fund portion, has been recorded in the government-wide financial statements as a long-term liability.

**Post-Closure Care Landfill Costs -** In accordance with the Governmental Accounting Standards Board (GASB) Statement 18, the post-closure care landfill liability at December 31, 2004, as reported in the Enterprise Funds (Landfill Fund), amounts to \$12,450,088. See Note 17 for more details regarding this matter.

**Annual Debt Requirements -** The annual requirements to pay the debt outstanding at December 31, 2004, for the following bonds and notes (excluding accrued vacation, sick and compensatory, accrued insurance claims, and closure and post-closure costs) of the Primary Government is as follows:

Year Ending December 31,	Governmental Activities					
	Authority Bonds		Installment Loan		G.O. Limited Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	400,000	416,195	7,738	484	600,000	1,333,884
2006	500,000	389,695	-	-	700,000	1,317,634
2007	500,000	368,758	-	-	750,000	1,299,509
2008	475,000	356,883	-	-	800,000	1,280,134
2009	565,000	342,470	-	-	850,000	1,258,447
2010-14	2,865,000	1,455,148	-	-	5,100,000	5,812,358
2015-19	3,455,000	837,425	-	-	6,700,000	4,545,670
2020-24	1,565,000	78,125	-	-	8,800,000	2,900,724
2025-28	-	-	-	-	9,150,000	802,188
	<u>\$10,325,000</u>	<u>\$ 4,244,698</u>	<u>\$ 7,738</u>	<u>\$ 484</u>	<u>\$33,450,000</u>	<u>\$20,550,548</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**COMPONENT UNITS -**

The following is a summary of changes in long-term debt (including current portions) of the Component Units for the year ended December 31, 2004:

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2004</u>	<u>Due Within One Year</u>
Department of Public Works -					
Bonds Payable	\$29,015,000	\$ 3,210,000	\$ 8,190,000	\$ 24,035,000	\$ 2,005,000
Drinking Water Revolving Loan	13,965,600	-	695,000	13,270,600	710,000
Revolving Loans	<u>1,700,000</u>	<u>-</u>	<u>165,000</u>	<u>1,535,000</u>	<u>165,000</u>
Total DPW	<u>44,680,600</u>	<u>3,210,000</u>	<u>9,050,000</u>	<u>38,840,600</u>	<u>2,880,000</u>
Road Commission -					
MTF Bonds – Series 1999	4,805,000	-	340,000	4,465,000	355,000
MTF Notes – Series 2001	2,000,000	-	250,000	1,750,000	250,000
Accrued vacation & sick leave	402,500	454,000	507,500	349,000	273,167
Accrued claim liability	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>62,000</u>
Total Road Commission	<u>7,207,500</u>	<u>516,000</u>	<u>1,097,500</u>	<u>6,626,000</u>	<u>940,167</u>
Drains -					
Notes payable	<u>1,576,100</u>	<u>502,000</u>	<u>89,600</u>	<u>1,988,500</u>	<u>1,674,550</u>
Mental Health Authority –					
Accrued vacation, sick & compensatory	<u>1,124,156</u>	<u>967,271</u>	<u>850,954</u>	<u>1,240,473</u>	<u>-</u>
Total Component Units	<u>\$54,588,356</u>	<u>\$ 5,195,271</u>	<u>\$11,088,054</u>	<u>\$ 48,695,573</u>	<u>\$ 5,494,717</u>

**Department of Public Works**

**General Obligation Bonds**

General Obligation Bonds have been issued by the County to construct several water supply and sewage disposal systems for various townships, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the Townships, Villages, Cities, and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended. The original amount of the general obligation bonds issued in prior years was \$26,530,000.

The principle and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works pursuant to the lease agreements. Upon final payment of the bond issues, ownership of the systems revert to the Townships, Villages or Cities. General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	3.375 – 7.10	\$ 13,155,000
Governmental activities – refunding	1.50 – 6.90	<u>10,880,000</u>
		<u>\$ 24,035,000</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

On July 1, 1989, St. Clair County through the Department of Public Works issued \$2,365,000 in SDS No. III Refunding General Obligation Bonds to advance refund the 1985 SDS No. III General Obligation Bonds totaling \$2,150,000.

On March 1, 1999, St. Clair County through the Department of Public Works issued \$1,485,000 in WSS No. IIA Refunding General Obligation Bonds to partially advance refund the 1991 WSS No. II General Obligation Bonds totaling \$1,565,000.

On May 28, 2003, St. Clair County through the Department of Public Works issued \$4,520,000 and \$2,045,000 in WSS VII Refunding Series 2003A and 2003B Bonds, respectively to advance refund the 1994 WSSVII General Obligation Bonds and to partially advance refund the 1995 WSSVII General Obligation Bonds, respectively.

The proceeds from the refunding issues, after payment of issuance costs, were placed in special escrow accounts and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the DPW Financial Statements. At December 31, 2004 the bonds outstanding of \$320,000, \$1,265,000, \$4,200,000, and \$1,895,000, respectively are considered defeased.

On February 10, 2004, St. Clair County through the Department of Public Works issued \$2,740,000 WSSIX 2004 Refunding Bonds to partially advance refund the WSSIX Series 1996 and Series 1998 Bonds in the amounts of \$4,700,000 and \$850,000 respectively.

The WSSIX 2004 Refunding Bonds were issued net of a premium of \$53,687 and an underwriters discount of \$27,400 in the amount of \$2,766,288. After paying \$42,944 for bond issuance and \$11,243 for insurance costs, the net proceeds amounted to \$2,712,101. The net proceeds along with a contribution of \$3,127,131 from Burtchville Township were used to purchase U.S. Treasury Obligations in the amount of \$5,839,231 and to make an initial cash deposit to the escrow account of \$400.

As a result of the advance refunding, the Department of Public Works reduced the total debt service requirements by \$1,027,289 for the 1996 series and \$188,022 for the 1998 series. This resulted in an economic gain (difference between the present value of the old and new debt) of \$365,310 and \$73,294, respectively.

On May 18, 2004, St. Clair County through the Department of Public Work issued \$470,000 SDSX 2004 Refunding Bonds to advance refund SDXX series 1991B in the amount of \$465,000.

The SDSX 2004 Refunding Bonds were issued net of an original issue discount of \$2,331 and an underwriters discount of \$7,050 in the amount of \$460,619. After paying \$20,831 for bond issuance costs, the net proceeds amounted to \$439,788. The net proceeds were used to purchase U.S. Treasury Obligations in the amount of \$439,788.

As a result of advance refunding, the Department of Public Works reduced the total debt service requirements by \$28,109. This resulted in an economic gain (difference between the present value of the old and new debt) of \$26,036.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Drinking Water Revolving Loans**

Department of Environmental Quality Bonds have been sold through the State of Michigan Drinking Water Revolving Fund to construct water supply systems for three (3) Townships and a City in the County. The County in turn is leasing the systems to the townships and city who operate, maintain and manage the systems. The full faith and credit of the Townships, City and County are pledged for the payments to the Drinking Water Revolving Fund. The original amount of the drinking water revolving fund loans drawn in prior years was \$16,255,600.

The principle and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the loans, ownerships of the systems revert to the Townships or City. Drinking Water Revolving Loans outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.5%	\$ 13,270,600

**State of Michigan Clean Water Revolving Loans**

State of Michigan Clean Water Revolving Loans have been obtained to construct sewage disposal systems of a Village and City in the County. The County in turn is leasing the systems to the municipalities who operate, maintain and manage the systems. The loans are backed by the full faith and credit of the Village, City and County pursuant to Act 185, Public Act of Michigan 1957, as amended. The original amount of the State of Michigan Clean Water Revolving Loans issued in prior years was \$3,236,961.

The principal and interest are to be paid out of money received from the Village and City by the Board of Public Works pursuant to the lease agreement. Upon final payment of the loans, ownership of the systems revert to the Village or City. State of Michigan Clean Water Revolving Loans currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.00%	\$ 1,535,000

Annual debt service requirements to maturities for general obligation bonds and loans are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Drinking Water Revolving Loans</u>		<u>Clean Water Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,705,000	\$ 966,178	\$ 710,000	\$ 367,204	\$ 165,000	\$ 30,700
2006	1,550,000	907,600	725,000	349,391	170,000	27,400
2007	1,580,000	851,863	745,000	331,141	170,000	24,000
2008	1,670,000	794,653	770,000	317,328	180,000	20,600
2009	1,775,000	732,003	785,000	298,015	180,000	17,000
2010-2014	8,370,000	2,621,364	4,220,000	1,199,517	670,000	32,000
2015-2019	6,135,000	1,017,352	4,785,600	665,703	-	-
2020-2024	<u>1,250,000</u>	<u>97,994</u>	<u>530,000</u>	<u>66,625</u>	-	-
	<u>\$24,035,000</u>	<u>\$ 7,989,007</u>	<u>\$13,270,600</u>	<u>\$3,594,924</u>	<u>\$ 1,535,000</u>	<u>\$ 151,700</u>



**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

	<u>Interest Rate (Percent)</u>	<u>Balance December 31, 2004</u>
<b>Governmental Activities (G.O. Bonds) -</b>		
Sewage Disposal Systems No. V Series 1993 Bonds (St. Clair Township)	5.40-6.00	\$ 430,000
Water Supply System No. VI Series 1990 Bonds (Kimball Township)	7.00-7.10	275,000
Sewage Disposal System No. X – Series 2000 Bonds (Village of Capac)	5.00-5.55	690,000
Water Supply System No. IX – Series 2000 Bonds (Burtchville Township)	4.50-6.00	1,950,000
Sewage Disposal System No. I – Series 1999 Bonds (City of Algonac/Clay and Ira Townships)	5.00-5.125	1,700,000
Water Supply System No. II-A Series 2001 Bonds (Clay Township)	4.00-5.00	5,200,000
Sewage Disposal System No. I – Series 2003 Bonds (City of Algonac/Clay and Ira Townships)	3.375-4.60	<u>2,910,000</u>
		<u>\$ 13,155,000</u>
<b>Governmental Activities (G.O. Refunding) -</b>		
Sewage Disposal System III 1989 Refunding Bonds (Charter Township of East China and China)	6.90	\$ 160,000
Water Supply System No. IIA – 1999 Refunding Bonds (Clay Township)	3.85-4.90	1,175,000
Water Supply System VII – 2003 A Refunding Bonds (Ira Township)	2.00-4.125	4,315,000
Water Supply System VII – 2003 B Refunding Bonds (Ira Township)	2.00-3.80	2,020,000
Sewage Disposal System X – 2004 Refunding Bonds (Village of Capac)	2.00-3.75	470,000
Water Supply System IX – 2004 Refunding Bonds (Burtchville Township)	1.50-3.60	<u>2,740,000</u>
		<u>\$10,880,000</u>
<b>Governmental Activities (Revolving Loans) –</b>		
Water Supply System X Series 1999 (City of Algonac/Clay Township)	2.5	\$ 6,215,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.5	7,055,000
Sewage Disposal System XI Series 1993 (City of Yale)	2.0	1,240,000
Sewage Disposal System No. X Series 1999 (Village of Capac)	2.0	<u>295,000</u>
		<u>\$14,805,600</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Road Commission**

**MTF Bonds – Series 1999 –**

The County of St. Clair, Michigan issued \$6,000,000 of Michigan Transportation Fund Bonds, Series 1999, dated June 1, 1999 pursuant to the provision of Act 51, Public Acts of Michigan of 1951, as amended. The Bonds are issued in anticipation of and are payable from monies derived from State collected taxes returned to the Road Commission from the Michigan Transportation Fund for highway construction and construction and work incidental thereto pursuant to Act 51.

As additional security for the payment of the principal of and interest on the Bonds, in the event and to the extent that Michigan Transportation Fund money is not sufficient to pay such principal and interest, the County is obligated to advance from its general fund money sufficient to pay such principal and interest. The County does not have the power to levy taxes to pay principal of and interest on the bonds over and above its authorized tax rate established pursuant to law. To the extent such an advance is made from the County's general fund, the general fund shall be reimbursed from the first subsequent revenues received by the Road Commission from Michigan Transportation Fund money not pledged or required to be set aside and used for the payment of bonds or notes of other evidence of indebtedness.

The Bonds maturing on or prior to August 1, 2009 shall not be subject to redemption prior to maturity. Bonds maturing on or after August 1, 2010 shall be subject to redemption prior to maturity at the option of the County, in such order as shall be determined by the County, on any one or more interest payment dates on or after August 1, 2009. Bonds of a denomination greater than \$50,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the Bonds maturing in any year are to be redeemed, the bonds or portions of bonds to be redeemed shall be selected by lot. The redemption price shall be the par value of the bonds or portion of the bonds called to be redeemed plus interest to the date fixed for redemption.

Principal on the bonds is due on August 1, 2005 through 2014 with interest due semi-annually on February 1 and August 1 at interest rates ranging from 4.375% to 4.95%. The balance as of December 31, 2004 was \$4,465,000.

**MTF Notes – Series 2001 –**

The County of St. Clair, Michigan issued \$2,500,000 of Michigan Transportation Fund Notes, Series 2001, dated August 21, 2001 pursuant to the provision of Act 202 Public Acts of Michigan 1943, as amended. The Notes are issued in anticipation of and are payable from money derived from State collected taxes returned to the Road Commission from the Michigan Transportation Fund for highway construction and construction and work incidental thereto pursuant to Act 202.

Principal on the notes is due on August 1, 2005 through 2011 with interest due semi-annually on February 1 and August 1 at interest rates ranging from 3.4% to 4.0%. The balance as of December 31, 2004 was \$1,750,000.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

Accrued Sick and Vacation -

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused sick leave and vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights which has been accrued on the financial statements amounted to approximately \$156,233 for sick leave and \$192,767 for vacation at December 31, 2004.

The annual requirements to amortize long-term liabilities outstanding at December 31, 2004, except compensated absences, are as follows:

	<u>MTF Bonds-Series 1999</u>		<u>MTF Notes-Series 2001</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	355,000	208,208	250,000	66,124	879,332
2006	375,000	192,676	250,000	57,626	875,302
2007	390,000	176,270	250,000	48,874	865,144
2008	410,000	158,720	250,000	39,626	858,346
2009	430,000	140,270	250,000	30,000	850,270
2010-2014	<u>2,505,000</u>	<u>378,058</u>	<u>500,000</u>	<u>30,000</u>	<u>3,413,058</u>
	<u>\$ 4,465,000</u>	<u>\$1,254,202</u>	<u>\$1,750,000</u>	<u>\$ 272,250</u>	<u>\$7,741,452</u>

Drain Commission –

St. Clair County through the Drain Commission, administers the construction of drains which are deemed to benefit properties against which special assessments are levied. To finance the construction, notes are issued in accordance with the provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71, Pubic Acts of 1976. Repayment of the notes are made from the special assessment revenues, payment from other government units, etc. During the year the Drain Commission issued \$502,000 of drain notes. The balance at December 31, 2004 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
<b>Governmental Activities -</b>		
Blue River Gardens	1.98 %	\$ 150,000
Dana	2.29	250,000
Huffman & Branch	1.98	350,000
Moore & Branch No. 1	1.98	100,000
McGeorge & Branches	4.31	112,000
209 County Drain	4.90	126,000
Simpson	2.99	91,800
Black Segate & Reid Intercounty Drain	1.96	15,700
Stocks Creek & Branch	2.29	150,000
Jackson Intercounty Drain	1.96	16,000
Galbraith County Drain	2.45	225,000
Jackson Creek Intercounty Drain	2.25	77,000
Howe, Brandymore & Branches Drain	2.29	75,000
Metcalf Series 2002	1.98	50,000
211 County Drain	2.45	<u>200,000</u>
		<u>\$ 1,988,500</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

Annual debt service requirements to maturities are as follows:

<u>Year Ended December 31,</u>	<u>Principle</u>	<u>Interest</u>
2005	1,674,550	60,640
2006	92,850	12,333
2007	93,850	8,995
2008	63,250	5,650
2009	16,000	3,130
2010-2012	<u>48,000</u>	<u>4,705</u>
	<u>\$ 1,988,500</u>	<u>\$ 95,453</u>

**NOTE 10 - RETIREMENT PLAN:**

**Plan Description -**

The St. Clair County Retirement System is a single employer, defined benefit pension plan, which was established by County ordinance in 1964 to provide retirement and pension benefits for substantially all employees of St. Clair County, the St. Clair County Road Commission and St. Clair County Community Mental Health Authority. The system is administered, managed and operated by a Board composed of 9 trustees, which is composed of the Chairman of the Board of Commissioners, Chairman of the St. Clair County Road Commission Board, one appointed citizen, one elected by the Community Mental Health Authority, four elected employees of the retirement system and one retired member elected by the retired members. The benefit provisions are governed by Michigan Public Act of 1984, as amended. The plan may be amended by the County Board of Commissioners.

The membership at December 31, 2003 was composed of 914 active participants, 455 retirees and beneficiaries, and 99 inactive but vested members. In general all employees are eligible for regular retirement as follows:

Sheriff Department - 25 years of service regardless of age. Benefit calculated based on the total service times an annual multiple of final average compensation. Maximum benefits 75% of final average compensation.

Road Commission and General County (except Prosecuting Attorney) – when age plus service equals 80 and service is at least 25 years. Maximum benefits 69.6% of final average compensation (75% of final average compensation if service is 25 years or more for certain County General).

Other Employees - age 55 with 25 years of service. Benefits are calculated based on the total service times 2.0% of final average compensation. Maximum benefits 64% of final average compensation.

All Employees - age 60 with 8 years of service. Benefits are calculated based on a type of final average salary, highest 5 years out of last 10.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 10 - RETIREMENT PLAN – (cont'd):**

In addition to the regular retirement provisions, the system allows for the following retirement provisions at regular or reduced benefits:

- Deferred Retirement - 8 or more years of service, benefits begin at 60 or at age 55 with 25 or more years of service.
- Death In-Service - 10 or more years of service.
- Duty Disability – Sheriff's Department plan members 10 or more years of service, others no age or service requirements but must be in receipt of Worker's Compensation payments.
- Non-Duty Disability - 10 or more years of service.
- Life insurance - \$3,300 policy to retirees.

**Summary Of Significant Accounting Policies –**

**Basis of Accounting -**

The St. Clair County Retirement System utilizes the accrual basis of accounting and is reported within the County's reporting entity as a separate Pension Trust Fund. Contributions from employees are recognized as revenue in the period in which employees provide the services.

**Method Used to Value Investment -**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**Contribution and Funding Policy -**

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2004, contributions totaling \$3,460,395 (\$1,408,431 employer and \$2,051,964 employee) or 3.52% of covered payroll, were made in accordance with contribution requirements determined by an actuarial valuation for the plan as of December 31, 2002. The employee contributions represented 5.0% of covered payroll. The contribution requirement of a plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners.

The required contribution rate was determined as part of the December 31, 2002 actuarial valuation using the individual entry age normal cost method. The actuarial assumption included (a) 7.5% net investment rate of return, and (b) projected salary increases of 5% to 8.7% per year, which includes pay inflation at 5.0%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investment over a five year period. The Plan unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed period, with a remaining amortization period as of December 31, 2003 of 13 years. There is no unfunded accrued liability.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 10 - RETIREMENT PLAN - (cont'd):**

**Schedule of Funding Progress -**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered (b-a)/(c)
12/31/01*	151,153,871	121,225,557	(29,928,314)	124.7	32,744,255	(91.4)
12/31/02*	148,949,978	129,997,329	(18,952,650)	114.6	35,716,619	(53.1)
12/31/03*	146,556,581	139,409,729	( 7,146,852)	105.1	38,047,803	(18.8)

\*Plan amended

**Schedule of Employer Contributions -**

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2002	\$ -	100.00%
2003	-	100.00
2004	1,408,431	100.00

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:**

The plan administered through St. Clair County provides retirement benefits for substantially all employees of the County, including employees of the St. Clair County Road Commission and employees of the St. Clair County Mental Health Authority. Postretirement benefits consist of Blue Cross and Blue Shield, dental and prescription drug coverage.

The employees covered by the postretirement benefits and membership are the same as noted for the basic retirement plan (Note 10). In general all employees are eligible for postretirement benefits as follows:

Some retirees age 55 and older are provided Blue Cross and Blue Shield, dental and prescription and drug coverage for recipient and dependents with 25 years of service or age 60 with 8 years of service. (Age 50 with 25 years of service for Sheriff Department or at age 60 with 8 years of service). Members of groups with "Rule of 80" are eligible if the sum of their age plus years service are greater than or equal to 80 and their years of service equal 25 years or more.

All retirees who have attained age 65 are provided an annual payment of \$14.00 for each month retired while older than age 65 with less than 20 years of services during the year and \$16.00 per month for members with 20 or more years of service at retirement.

Beneficiaries of deceased retirees and survivors of deceased employees are provided Blue Cross and Blue Shield and dental coverages for recipients and dependents beginning no earlier than age 55.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN - (cont'd):**

The County makes contributions based on actuarially determined rates. Members of the system are not required to make contributions for these postretirement benefits.

**Summary of Significant Accounting Policies -**

The Basis of Accounting and Method Used to Value Investments are the same as the Retirement Plan, outlined in Note 10.

The County's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The Plan requires no member contributions.

**Contribution and Funding Policy -**

During the year ended December 31, 2004, contributions of \$3,793,162 were made. Employer contributions represented 9.48 percent of covered payroll. The actuarial valuation dated December 31, 2002 determined a contribution rate of 28.96 percent of covered payroll for 2004.

**NOTE 12 - CONTINGENT LIABILITIES:**

**Primary Government –**

One of the County's major taxpayers, the Detroit Edison Company, is appealing its tax assessments for the 2002, 2003 and 2004 tax assessments. The taxpayer has paid the contested amount. Should the taxpayer prevail, the County would be required to refund approximately \$4,881,000 plus interest for 2002 and 2003 tax levy. In addition, the County would be required to refund approximately another \$2,510,000 for 2004 tax levy, which is recorded as revenue by the County in 2005. The County has designated fund balance for the contested amounts (See Note 16). The County intends to vigorously defend the original assessments and believes they will prevail. Due to the matter of the appeal, it is impossible to estimate any potential liability, if any.

The County participates in a number of federal and state assisted grant programs which are subject to compliance audits. The Single Audit of the Federal programs and the periodic program compliance audits of many of the state programs have not yet been conducted or completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are various other legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Corporate Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions for which a reasonable estimate can be determined of the County's potential liability, if any, are considered by County Management and Legal Counsel to be immaterial.

A substantial portion of the Health Department's total patient revenues are for services provided to Medicare, Medicaid and Blue Cross and Blue Shield of Michigan patients. Payments for these services are based upon allowable costs incurred and are subject to final audit by the intermediaries.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 12 - CONTINGENT LIABILITIES – (cont'd):**

**Road Commission –**

In the normal course of its operations, the St. Clair County Road Commission often becomes a party to various claims and lawsuits. In the opinion of the Road Commission's legal counsel, if any of these claims should result in an unfavorable resolution to the Road Commission, the Road Commission's liability would be limited to its deductible under insurance policies. The insurer would pay the losses, and there should be no material effect on the financial position of the Road Commission.

**NOTE 13 - RISK MANAGEMENT:**

**Primary Government -**

The County is self-insured for property and liability, health care, unemployment, workers' compensation, and disability. Each participating fund of the County makes payments to the Self-Insurance Internal Service Fund equal to an established percentage of gross salaries for that fund, if deemed necessary. These payments are accounted for as other services and charges in the paying fund and charges for services in the receiving fund.

The County is completely self-insured for unemployment compensation and short-term disability claims, and is self-insured for workers' compensation claims up to an amount of \$350,000 in individual claims for 2004.

Based on claims currently pending and past history, the County has estimated accrued claims, including an estimate for claims incurred but not reported (IBNR), of \$96,445, \$0 and \$170,000 for unemployment compensation, disability and worker's compensation, respectively.

In addition, the Primary Government, including the Drain District, is a voluntary member of the Michigan Risk Management Authority established pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately.

The administration of the Authority is directed by a nine member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, and to ensure the filing of all required reports and to act as a liaison between the County and the Authority.



**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 13 - RISK MANAGEMENT – (cont'd):**

The Authority administers risk management funds providing St. Clair County with loss protection for general and auto liability, motor vehicle physical damage, and property. Under most circumstances the County's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$ 150,000
Motor vehicle physical damage	15,000 per vehicle 30,000 per occurrence
Property and Crime	1,000 per occurrence, plus 10% of the next \$100,000 of loss

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2004, that Stop Loss Program limited the retention for St. Clair County to \$661,000 in aggregate claims paid during the year.

The Authority provides risk management, underwriting, reinsurance and claims services with member contributions allocated to meet these obligations.

The Authority has established a reserved fund balance to pay losses incurred by members which exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that St. Clair County incurs a loss in excess of the resources available, the County is liable for the excess.

Based on claims currently pending and past history, the County has estimated the accrued claims, including an estimate for claims incurred but not reported (IBNR), of \$575,000, which is recorded in the Self-Insurances Fund.

The County is self-insured for health care benefits with the administrative services of the program are performed on a contractual basis by a third party. The County pays claims up to \$75,000 per contract per contract year. Stop-loss insurance has been purchased to insure the County against losses in excess of these limits. Based on past history, the County has estimated the accrued health care claims, including an estimate for claims incurred but not reported (IBNR), of \$573,586 at December 31, 2004, which is recorded as current liabilities in the Self Insurances (Internal Service) Fund. Changes in the balance of claims liability during the past two years as reported in the self-insurance (internal service fund) are as follows:

	<u>Property/Liability Insurance</u>		<u>Disability Insurance</u>		<u>Unemployment</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning of year	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -
Incurred claims (including IBNR's)	602,686	82,272	115,191	184,478	96,445	39,744
Claims Paid	( 97,686)	( 82,272)	( 115,191)	( 184,478)	( -)	( 39,744)
Unpaid claims, end of year	575,000	70,000	-	-	96,445	-
Less current portion	( 287,500)	( 63,000)	-	-	( 96,445)	-
Long-Term Liabilities	<u>\$ 287,500</u>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 13 - RISK MANAGEMENT – (cont'd):**

	<u>Workers Compensation</u>		<u>Health Care</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning of year	\$ 202,000	\$ 175,000	\$ 737,000	\$ 675,000	\$ 1,009,000	\$ 920,000
Incurring claims (including IBNR's)	133,235	201,583	5,836,670	6,264,430	6,784,227	6,772,507
Claims Paid	( 165,235)	( 174,583)	( 6,000,084)	( 6,202,430)	( 6,378,196)	( 6,683,507)
Unpaid claims, end of year	170,000	202,000	573,586	737,000	1,415,031	1,009,000
Less current portion	( 143,000)	( 113,000)	( 573,586)	( 737,000)	( 1,100,531)	( 913,000)
Long-Term Liabilities	<u>\$ 27,000</u>	<u>\$ 89,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,500</u>	<u>\$ 96,000</u>

**Component Units -**

**Road Commission -**

The Road Commission, including the Department of Public Works, is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program available for Michigan County Road Commissions, which includes, but is not limited to, general liability coverages, auto liability coverages, property insurance coverages, stop-loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Road Commission pays an annual premium to the Pool for property (buildings and grounds) coverage, automobile liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission is also a member of the County Road Commission Road Association Self-Insurance Fund for Workers' Compensation self-insurance. This Fund is a municipal self-insurance entity operating within the laws of the State of Michigan. The Fund has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Fund.

The Road Commission continues to carry commercial insurance for employee health and accident insurance. The amount of settlements (claims) for the past three years have not exceeded insurance coverage.

The Road Commission became self-insured for health care benefits during 2004. The administrative services for the self-insured program are performed by the health insurance company. The Road Commission makes monthly payments, based on estimated claims and a stop-loss provision, which are adjusted quarterly.

The Road Commission has estimated accrued health care claims in excess of the last quarter payments, including an estimate for claims incurred but not reported (IBNR), of \$62,000 at December 31, 2004, which has been accrued on the statement of Net Assets.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 13 - RISK MANAGEMENT – (cont'd):**

**Community Mental Health Authority –**

The Authority is exposed to various risk of loss to general and auto liability, property damage and errors and omissions. The Authority is a member in a public risk pool administered by the Michigan Municipal Risk Management Authority for risk of losses relating to its property and general liability (including auto liability and vehicle physical damage).

MMRMA is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the MMRMA is to administer a risk management fund which provides members with loss protection for general and property liability.

The St. Clair County Community Mental Health Authority has joined with numerous other governmental agencies in Michigan as a participant in MMRMA's "State Pool". Members of the State Pool do not have individual self-retention amounts other than \$250 deductible per occurrence of property and vehicle coverage.

State Pool members' limits of coverage (per occurrence) are \$15 million for liability and approximately \$3,300,000 for property and crime. If a loss exceeds these limits or, if for any reason, MMRMA's resources are depleted, the payment of all unpaid losses are the sole obligation of the St. Clair County Community Mental Health Authority.

The Authority purchases workers compensation insurance through a commercial carrier with a maximum limit of \$500,000 per occurrence.

**NOTE 14 – MAJOR TAXPAYER:**

The County is economically dependent upon the Detroit Edison Company that has real and personal property within the County with a taxable value of \$884,539,142. This represents approximately 17 percent of the taxable value for the County.

**NOTE 15 - DEFERRED COMPENSATION:**

The County, the St. Clair County Mental Health Authority and the St. Clair County Road Commissions offer their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

A trust, custodial account or annuity contract exists, assets are owned or held by the trust, custodian or insurer for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 16 - FUND EQUITY:**

**RESERVED FUND BALANCE -**

Fund Balance has been reserved in various governmental funds to indicate the portion of Fund Balance not available but reserved for a specific purpose. The following is a summary of Reserved Fund Balance for all County funds at December 31, 2004:

<u>Fund Type/Fund</u>	<u>Description</u>	<u>Amount</u>
<b>Primary Government -</b>		
General Fund	Prepaid Expenditures	\$ 42,000
	Advance to Other Funds/Component Units	<u>50,000</u>
		92,000
Health Department	Prepaid Expenditures	13,781
Parks and Recreation	Prepaid Expenditures	285,373
Jail Construction	Capital Projects	2,866,364
Non-major Governmental Funds –		
County Library	Prepaid Expenditures	\$ 28,157
Municipal Building	Capital Project	180,871
Building Authority	Capital Project	518
Permanent Fund –		
Lewis Memorial Endowment		<u>22,396</u>
Total Governmental Funds		<u>3,489,460</u>
Fiduciary Fund –		
Pension and Other		
Employee Benefits	Pension Benefit	185,370,510
Landfill Perpetual Care	Perpetual Care	<u>1,508,139</u>
		<u>186,878,649</u>
Total Primary Government Reserved Fund Balance		<u>\$190,368,109</u>

(1) The reserved fund balance in the jail/juvenile construction fund has not been shown as a restricted “net asset” in the government-wide statements since it is unspent related debt proceeds.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 16 – FUND EQUITY – (cont'd):**

**DESIGNATED FUND BALANCE -**

The various governing boards of the County have the power to designate, or set aside, all or a portion of unreserved Fund Balance for specified purposes. The following is a summary of Board-Designated Fund Balances for all County funds at December 31, 2004:

<u>Fund Type/Fund</u>	<u>Purpose</u>	<u>Amount</u>
<b>Primary Government -</b>		
General Fund	Potential Tax Refund	\$ 3,660,818
	Budget Stabilization	2,333,873
	Criminal Justice Training Grant	15,022
	Prosecutor's Drug Forfeiture	16,266
	Family Counseling	<u>171,821</u>
		<u>6,197,800</u>
Parks and Recreation	Future Projects	1,025,000
	Potential Tax Refund	<u>340,477</u>
		<u>1,365,477</u>
Nonmajor Fund		
Special Revenue Funds -		
Senior Citizens		
	Millage	Potential Tax Refund 343,500
Drug Task Force	Potential Tax Refund	192,704
Library	Potential Tax Refund	<u>343,500</u>
		<u>879,704</u>
Debt Service Funds -		
Building Authority	Debt Retirement	12,877
Jail/Juvenile Facilities	Debt Retirement	<u>1,584,983</u>
		<u>1,597,860</u>
		<u>2,477,564</u>
Total Designated Fund Balance – Primary Government		<u>\$10,040,841</u>

**NOTE 17 - CLOSURE AND POSTCLOSURE CARE COSTS:**

State and Federal laws and regulations require that the County of St. Clair place a final cover on its landfill and performs certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs was \$12,480,088 at December 31, 2004, which is based on the estimated percentage of capacity used to date of 46.0%. Currently the County has 68 acres licensed, with an additional 40 acres available for licensing. It is estimated that an additional \$14,634,353 will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity and monitored for 30 years.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 17 - CLOSURE AND POSTCLOSURE CARE COSTS – (cont'd):**

The estimated total current cost of the landfill closure and post-closure care cost of \$27,114,441 is based on the amount that would be paid if all equipment, facilities and service required to close, monitor, and maintain that landfill were acquired as of December 31, 2004. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

The County is required by the State of Michigan to purchase an irrevocable line of credit in the amount of \$2,005,000 that can be drawn on by the State of Michigan to pay any necessary closure and post-closure costs. The County is in compliance with this requirement.

**NOTE 18 – PRIOR PERIOD ADJUSTMENT:**

**Primary Government –**

A prior period adjustment of \$415,901 was made to County Library Fund to reflect the change in method of payment for penal fines from an annual payment to monthly payments. This eliminates the deferral since the funds were available.

**ST. CLAIR COUNTY, MICHIGAN**

**REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEE RETIREMENT SYSTEM**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/93	76,020,566	66,056,016	( 9,964,550)	115.08%	23,711,156	-42.02%
12/31/94 *	80,998,812	72,623,653	( 8,375,159)	111.53%	24,769,097	-33.81%
12/31/95 *	88,775,958	78,476,310	( 10,299,648)	113.12%	25,861,302	-39.83%
12/31/96 *	97,309,744	86,570,334	( 10,739,410)	112.41%	27,934,157	-38.45%
12/31/97 *	106,944,486	94,097,781	( 12,846,705)	113.65%	28,402,628	-45.23%
12/31/98 *	120,567,207	100,513,199	( 20,054,008)	119.95%	29,161,114	-68.77%
12/31/99 #	136,466,854	107,080,537	( 29,386,317)	127.44%	31,051,407	-94.64%
12/31/00 *	146,232,915	115,095,000	( 31,137,915)	127.05%	32,044,333	-97.17%
12/31/01 *	151,153,871	121,225,557	( 29,928,314)	124.69%	32,744,255	-91.40%
12/31/02 *	148,949,978	129,997,328	( 18,952,650)	114.58%	35,716,619	-53.06%
12/31/03 *	146,556,581	139,409,229	( 7,147,352)	105.13%	38,047,803	-18.79%

\* Plan amended

# Certain assumptions revised

**Schedule of Employer Contributions**

<u>Year Ended December 31,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
1995	1,357,718	91.56%
1996	1,589,454	96.90%
1997	1,525,221	104.88%
1998	1,370,572	101.01%
1999	773,180	98.70%
2000	-	0.00%
2001	-	0.00%
2002	-	0.00%
2003	-	0.00%
2004	1,408,431	100.00%

Note: Compliance may appear to vary because requirements are computed using the end of year payroll while contributions are based upon the payrolls during the year

**ST. CLAIR COUNTY, MICHIGAN**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 28,027,019	\$ 28,087,019	\$ 28,073,578	\$ ( 13,441)
Licenses and permits	346,450	356,450	395,254	38,804
Intergovernmental -				
Federal/State	8,488,737	9,544,133	7,731,436	( 1,812,697)
Charges for services	7,313,657	6,601,817	6,567,299	( 34,518)
Fines and forfeits	672,500	672,500	635,058	( 37,442)
Interest and rent	1,777,970	1,437,970	1,501,737	63,767
Other	1,517,615	1,585,448	1,564,296	( 21,152)
Total Revenues	<u>48,143,948</u>	<u>48,285,337</u>	<u>46,468,658</u>	<u>( 1,816,679)</u>
<b>Expenditures:</b>				
Legislative:				
Board of Commissioners	<u>1,058,965</u>	<u>1,096,965</u>	<u>1,150,549</u>	<u>( 53,584)</u>
Judicial:				
Circuit Court	1,739,976	1,689,976	1,651,844	38,132
District Court	2,239,749	2,159,749	2,183,484	( 23,735)
Courthouse Security	395,282	395,282	380,988	14,294
Friend of Court	2,131,189	2,156,838	2,085,630	71,208
Law Library	6,500	8,500	7,498	1,002
Probate Court	845,155	845,155	843,927	1,228
Family Division - Circuit Court	1,995,994	1,995,994	1,914,784	81,210
Probation	30,700	21,900	19,081	2,819
District Court Probation	532,043	532,043	515,572	16,471
Family Counseling	20,000	20,000	440	19,560
Pretrial Service Grant	126,400	100,000	77,841	22,159
Probation Resident Services	<u>660,996</u>	<u>660,996</u>	<u>531,007</u>	<u>129,989</u>
	<u>10,723,984</u>	<u>10,586,433</u>	<u>10,212,096</u>	<u>374,337</u>
General Government:				
Administrator/Controller	464,399	479,399	465,806	13,593
Election	191,576	148,076	143,668	4,408
Accounting	444,040	378,640	321,155	57,485
Clerk	738,362	798,362	793,503	4,859
Equalization	482,713	482,713	514,342	( 31,629)
Human Resources	640,074	620,074	641,330	( 21,256)
Staff Resources Pool	334,243	277,919	261,854	16,065
Professional Development	49,550	31,550	43,224	( 11,674)
Prosecuting Attorney	2,359,066	2,225,066	2,235,412	( 10,346)
Child Protection	5,000	5,000	3,275	1,725
Victims Rights	14,100	14,100	5,931	8,169
Register of Deeds	280,779	280,779	268,755	12,024
Property Description	305,748	243,050	198,241	44,809
Boundary Commission	350	350	-	350
Treasurer	615,211	605,211	621,809	( 16,598)
Cooperative Extension	398,324	398,324	379,970	18,354



**ST. CLAIR COUNTY, MICHIGAN**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
General Government (Cont'd):				
21st Century	-	55,000	57,349	( 2,349)
Great Start	-	19,500	27,239	( 7,739)
CMH Grant	-	33,000	47,366	( 14,366)
Head Start	-	3,825	5,203	( 1,378)
FNP/Milias	-	1,500	1,156	344
Gypsy Moth Suppression Program	-	7,000	911	6,089
Anchor Bay Community Foundation	-	200	190	10
Information Technology	1,581,001	1,881,001	1,877,580	3,421
Building and Grounds	1,804,430	1,704,195	1,644,051	60,144
Drain Commissioner	584,012	584,012	380,630	203,382
Motor Pool	10,605	12,605	13,041	( 436)
Federal Nutrition Program	-	7,500	7,131	369
FIA Building Lease Maintenance	781,881	781,881	734,962	46,919
	<u>12,085,464</u>	<u>12,079,832</u>	<u>11,695,084</u>	<u>384,748</u>
Public Safety:				
Other Corrections Activities	107,250	107,250	84,451	22,799
COPS More Grant	-	437,614	408,327	29,287
Party Patrol	-	7,894	7,894	-
Sheriff	5,189,309	5,289,309	5,575,332	( 286,023)
Communications/Radio	978,527	978,527	950,961	27,566
Marine Law Enforcement	324,313	324,313	319,951	4,362
Dive Team	8,194	26,194	26,369	( 175)
Correction / Jail	5,427,690	5,427,690	5,814,874	( 387,184)
Jail Population Monitor	43,709	56,709	57,958	( 1,249)
Secondary Road Patrol	225,044	225,044	213,575	11,469
Local Law Enforcement Block Grant	-	48,000	46,411	1,589
Criminal Justice Training Grant	20,000	16,250	14,421	1,829
Inmate Billing	115,497	115,497	117,546	( 2,049)
MI Drive Safety Task Force	-	45,000	51,899	( 6,899)
Operation Stone garden	-	-	35,142	( 35,142)
Emergency Services	273,218	273,218	256,721	16,497
Hazardous Material Handling	20,600	27,600	507,887	( 480,287)
Home Land Security /Equipment 03	-	30,000	19,567	10,433
Home Land Security /Equipment 04	-	40,000	41,965	( 1,965)
Home Land Security /Solution Planning 03	-	33,430	34,124	( 694)
Home Land Security /Cert 02	-	53,000	51,680	1,320
Home Land Security /School Planning 03	-	12,000	12,979	( 979)
Home Land Security /Equipment Rrtn 03	-	117,000	116,602	398
Home Land Security /Training Rrtn 03	-	2,000	1,645	355
Home Land Security /Cert 03	-	10,000	10,412	( 412)
Hazardous Mitigation 04	-	500	10,712	( 10,212)
Annual Breakfast	-	6,000	6,856	( 856)
FEMA Alabama Training	-	12,000	11,701	299

**ST. CLAIR COUNTY, MICHIGAN**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety (Cont'd):				
Imperial Oil Spill	-	9,934	9,934	-
Supplemental Bonus 02	-	51,000	49,498	1,502
Sky warn	750	750	-	750
Animal Shelter/Dog Warden	336,470	356,470	369,469	( 12,999)
Spay/Neutering Project	10,000	7,000	5,910	1,090
Animal Cruelty Custody Program	200	300	400	( 100)
	<u>13,080,771</u>	<u>14,147,493</u>	<u>15,243,173</u>	<u>( 1,095,680)</u>
Public Works:				
Road Commission	700,000	700,000	700,000	-
Drains	100,000	128,330	128,328	2
	<u>800,000</u>	<u>828,330</u>	<u>828,328</u>	<u>2</u>
Health and Welfare:				
Mental Health	955,672	955,672	955,672	-
Ambulance	128,213	128,213	129,311	( 1,098)
Public Guardian	219,400	219,400	206,986	12,414
Veterans Burial	20,000	20,000	18,119	1,881
Veterans Counselor	180,635	180,635	176,795	3,840
Soldiers and Sailors Relief	1,850	1,850	594	1,256
	<u>1,505,770</u>	<u>1,505,770</u>	<u>1,487,477</u>	<u>18,293</u>
Other:				
Contingencies	150,000	-	-	-
Insurance	800,000	800,000	800,000	-
	<u>950,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Debt Service:				
Principal	7,283	7,283	7,283	-
Interest	939	939	939	-
	<u>8,222</u>	<u>8,222</u>	<u>8,222</u>	<u>-</u>
Total Expenditures	<u>40,213,176</u>	<u>41,053,045</u>	<u>41,424,929</u>	<u>( 371,884)</u>
Excess of revenues over expenditures	<u>7,930,772</u>	<u>7,232,292</u>	<u>5,043,729</u>	<u>( 2,188,563)</u>
Other Financing Sources (Uses):				
Transfers from other funds	364,749	947,208	3,806,540	2,859,332
Transfers to other funds	( 8,295,521)	( 8,328,356)	( 8,491,132)	( 162,776)
Total Other Financing Sources (Uses)	<u>( 7,930,772)</u>	<u>( 7,381,148)</u>	<u>( 4,684,592)</u>	<u>2,696,556</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	( 148,856)	359,137	507,993
Fund Balance at beginning of year	<u>8,425,388</u>	<u>8,425,388</u>	<u>8,425,388</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 8,425,388</u>	<u>\$ 8,276,532</u>	<u>\$ 8,784,525</u>	<u>\$ 507,993</u>

**ST. CLAIR COUNTY, MICHIGAN**

**SPECIAL REVENUE FUND  
HEALTH DEPARTMENT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ -	\$ 273,360	\$ 273,360
Intergovernmental -				
Federal/State	4,661,643	4,661,643	5,070,263	408,620
Local	-	-	193,666	193,666
Charges for services	1,689,977	1,689,977	1,256,415	( 433,562)
Other	-	-	12,206	12,206
Total Revenues	<u>6,351,620</u>	<u>6,351,620</u>	<u>6,805,910</u>	<u>454,290</u>
<b>Expenditures:</b>				
Health and Welfare	<u>9,783,889</u>	<u>9,304,964</u>	<u>9,427,905</u>	<u>( 122,941)</u>
Excess of revenues over (under) expenditures	<u>( 3,432,269)</u>	<u>( 2,953,344)</u>	<u>( 2,621,995)</u>	<u>331,349</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	2,658,497	2,674,997	2,716,471	41,474
Transfers to other funds	-	( 478,925)	( 478,925)	-
	<u>2,658,497</u>	<u>2,196,072</u>	<u>2,237,546</u>	<u>41,474</u>
Excess of revenues and other sources (under) expenditures and other uses	<u>( 773,772)</u>	<u>( 757,272)</u>	<u>( 384,449)</u>	<u>372,823</u>
Fund Balance at beginning of year	<u>1,472,304</u>	<u>1,472,304</u>	<u>1,472,304</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 698,532</u></u>	<u><u>\$ 715,032</u></u>	<u><u>\$ 1,087,855</u></u>	<u><u>\$ 372,823</u></u>

**ST. CLAIR COUNTY, MICHIGAN**

**SPECIAL REVENUE FUND**

**PARK AND RECREATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,551,200	\$ 2,608,516	\$ 2,608,516	\$ -
Intergovernmental -				
Federal/State	36,000	2,346,000	-	( 2,346,000)
Charges for services	39,000	42,000	48,562	6,562
Interest and rent	29,300	57,200	82,585	25,385
Other	1,500	3,800	3,836	36
Total Revenues	<u>2,657,000</u>	<u>5,057,516</u>	<u>2,743,499</u>	<u>( 2,314,017)</u>
<b>Expenditures:</b>				
Recreation and Culture	<u>5,423,900</u>	<u>5,101,300</u>	<u>2,067,988</u>	<u>3,033,312</u>
Excess of revenues over (under) expenditures	( 2,766,900)	( 43,784)	675,511	719,295
<b>Other Financing Sources:</b>				
Transfers from other funds	<u>116,800</u>	<u>116,800</u>	<u>150,263</u>	<u>33,463</u>
Excess of revenues and other sources over expenditures and other uses	( 2,650,100)	73,016	825,774	752,758
Fund Balance at beginning of year	<u>4,082,753</u>	<u>4,082,753</u>	<u>4,082,753</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 1,432,653</u>	<u>\$ 4,155,769</u>	<u>\$ 4,908,527</u>	<u>\$ 752,758</u>

**ST. CLAIR COUNTY, MICHIGAN**

**SPECIAL REVENUE FUND  
REVENUE SHARING RESERVE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 9,811,782	\$ 9,811,782
<b>Expenditures:</b>				
General Government	-	-	-	-
Excess of revenues over expenditures	-	-	9,811,782	9,811,782
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	( 2,066,214)	( 2,066,214)
Excess of revenues over expenditures and other uses	-	-	7,745,568	7,745,568
Fund Balance at beginning of year	-	-	-	-
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,745,568</u>	<u>\$ 7,745,568</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

1. The General and Major Special Revenue Funds budgets shown in the required supplementary information were prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.
2. On September 30, 2004 the Governor of the State of Michigan signed into law Public Act 357 of 2004, which gradually shifts County General property taxes from December to July. The Act required the establishment of a Revenue Sharing Fund. However, because guidelines of how the Act would be implemented were not released until late in December 2004, no budget was adopted.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the County are as follows:

**Friend of Court** – is used to account for the revenues and expenditures of the Friend of the Court office required in 1982 Public Acts 294 through 298.

**County Planning** – is used to account for the planning and information gathering activities undertaken to improve County roads, housing, general development and related activities that benefit County residents. Financing is provided by state and federal grants, charges for services and General Fund appropriations.

**Public Improvement** – is used to account for the funds earmarked for improvements in County facilities or equipment. Financing is provided by General Fund appropriations.

**Senior Citizens Millage** – is used to account for a County special millage to be used for senior citizens' activities.

**Drug Task Force** – is used to account for a County special millage and seized property used for the enhancement of the law enforcement effort pertaining to controlled substances. It also includes funding for drug prevention programs from state and federal sources.

**Substance Abuse** – is used to account for the funds received from the State and used for substance abuse prevention and treatment programs.

**County Library** – is used to account for the operations of the public library and is required by state law. Financing is provided by penal fines transferred from the Library Penal Fine Agency Fund under the direction of the State Library Board, state grants, charges for services and General Fund appropriations. Also included in this fund is the County special millage to be used to expand and enhance our library system.

**CDBG Housing** – is used to account for federal grant money received prior to 1987 for renovations made to qualified housing. It is also used to account for the loans resulting from these renovation projects. The interest from the loans, and the repayments, supplement funding to future grants.

**HUD Housing** – is used to account for federal grant money received after 1987 for renovations made to qualified housing. It is also used to account for the loans resulting from these renovation projects.

**Family Independence Agency** – is used to account for the cost of providing financial assistance to County residents who cannot meet basic requirements for personal needs, shelter and medical care. Financing is provided by the Michigan Family Independence Agency and General Fund appropriations.

**Child Care** – is used to account for court-ordered expenses for the health and welfare of minor children, and community based residential treatment program for emotionally impaired children and their families. Financing is provided by General Fund appropriations and state matching of certain eligible costs.

**Veterans Trust** – is used to account for earmarked revenue for aid to veterans. This fund is required by state law and is financed by state grants.

**Emergency 911** – is used to account for revenues and expenditures of purchasing and providing Emergency 911 services.

**Deeds Automation** – is used to account for the revenues and expenditures set aside for the updating and streamlining the records system in the deeds office.

**Local Corrections and Training** – is used to account for the County’s portion of booking fees collected in the Jail and used for corrections officer education and training and/or inmate substance abuse/mental health programs.

### **DEBT SERVICE FUNDS**

Debt service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Debt Service Funds of the County are as follows:

**Building HVAC Renovation** – is used to account for the debt service requirement involving the financing of heating and air conditioning control improvements in the County Building.

**Building Authority** – is used to account for the accumulation of rents paid by the County departments for payment of separate debt service requirements on revenue bonds sold to defray the cost of construction and improvements to various County buildings. It also accounts for the payment of Debt Service requirements on revenue bonds sold to construct the new administrative facility.

**Jail/Juvenile Facility** – is used to account for the accumulation of resources and payment of debt for the Jail/Juvenile facility.

### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary and Trust Funds). The Capital Projects Funds of the County are as follows:

**Municipal Building** – is used to account for local revenues used for major improvements to existing County buildings.

**Building Authority** – is used to account for bond proceeds and construction of a new County administrative facility.

### **PERMANENT FUND**

**Lewis Memorial Endowment Fund** – is used to account for collection of and distribution of assets held for the Clayton and Florence Lewis Memorial Book Fund.

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	Special Revenue Funds			
	Friend of Court	County Planning	Public Improvement	Senior Citizens Millage
<b>ASSETS</b>				
Cash and cash equivalents	\$ 192,136	\$ 119,261	\$ 1,362,180	\$ 1,026,515
Investments	-	-	-	-
Receivables -				
Current and delinquent property taxes	-	-	-	2,646,678
Accounts and interest	498	-	-	1,204
Due from other governmental units -				
Federal/State	98,053	47,897	-	-
Prepaid expenditures and deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 290,687</u>	<u>\$ 167,158</u>	<u>\$ 1,362,180</u>	<u>\$ 3,674,397</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 6,852	\$ 57,107	\$ 143,619
Accrued liabilities	15,205	15,745	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	23,558	-	2,798,137
Total Liabilities	<u>15,205</u>	<u>46,155</u>	<u>57,107</u>	<u>2,941,756</u>
<b>Fund Balance:</b>				
Reserved -				
Prepaid Expenditures	-	-	-	-
Capital Projects	-	-	-	-
Permanent Fund	-	-	-	-
Unreserved -				
Designated -				
Special Revenue Funds	-	-	-	343,500
Debt Services	-	-	-	-
Undesignated - Special Revenue Funds	275,482	121,003	1,305,073	389,141
Total Fund Balance	<u>275,482</u>	<u>121,003</u>	<u>1,305,073</u>	<u>732,641</u>
Total Liabilities and Fund Balance	<u>\$ 290,687</u>	<u>\$ 167,158</u>	<u>\$ 1,362,180</u>	<u>\$ 3,674,397</u>



Special Revenue Funds

<u>Drug Task Force</u>	<u>Substance Abuse</u>	<u>County Library</u>	<u>CDBG Housing</u>	<u>HUD Housing</u>	<u>Family Independence Agency</u>	<u>Child Care</u>
\$ 856,980	\$ 310,131	\$ 2,295,256	\$ 196,856	\$ 95,311	\$ 396,984	\$ 431,562
-	-	-	100,000	-	-	-
1,485,781	-	2,638,903	-	-	-	-
-	24,191	380	684,063	333,381	-	5,607
-	303,843	-	-	-	52,003	-
-	-	28,157	-	-	-	-
<u>\$ 2,342,761</u>	<u>\$ 638,165</u>	<u>\$ 4,962,696</u>	<u>\$ 980,919</u>	<u>\$ 428,692</u>	<u>\$ 448,987</u>	<u>\$ 437,169</u>
\$ 21,968	\$ 54,031	\$ 146,622	\$ 160	\$ -	\$ -	\$ 60,967
24,400	-	88,162	-	-	283	80,114
-	57,974	-	-	-	-	-
1,570,630	-	2,797,211	683,923	333,126	-	-
<u>1,616,998</u>	<u>112,005</u>	<u>3,031,995</u>	<u>684,083</u>	<u>333,126</u>	<u>283</u>	<u>141,081</u>
-	-	28,157	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
192,704	-	343,500	-	-	-	-
-	-	-	-	-	-	-
533,059	526,160	1,559,044	296,836	95,566	448,704	296,088
<u>725,763</u>	<u>526,160</u>	<u>1,930,701</u>	<u>296,836</u>	<u>95,566</u>	<u>448,704</u>	<u>296,088</u>
<u>\$ 2,342,761</u>	<u>\$ 638,165</u>	<u>\$ 4,962,696</u>	<u>\$ 980,919</u>	<u>\$ 428,692</u>	<u>\$ 448,987</u>	<u>\$ 437,169</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	Special Revenue Funds			
	Veterans' Trust	E - 911	Deeds Automation	Local Corrections and Training
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,777	\$ 650,107	\$ 65,038	\$ 34,054
Investments	-	-	-	-
Receivables -				
Current and delinquent property taxes	-	-	-	-
Accounts and interest	-	-	-	-
Due from other governmental units -				
Federal/State	2,760	-	-	-
Prepaid expenditures and deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 11,537</u>	<u>\$ 650,107</u>	<u>\$ 65,038</u>	<u>\$ 34,054</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 741	\$ -	\$ 55,228	\$ -
Accrued liabilities	-	-	3,027	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>741</u>	<u>-</u>	<u>58,255</u>	<u>-</u>
<b>Fund Balance:</b>				
Reserved -				
Prepaid Expenditures	-	-	-	-
Capital Projects	-	-	-	-
Permanent Fund	-	-	-	-
Unreserved -				
Designated -				
Special Revenue Funds	-	-	-	-
Debt Services	-	-	-	-
Undesignated - Special Revenue Funds	10,796	650,107	6,783	34,054
Total Fund Balance	<u>10,796</u>	<u>650,107</u>	<u>6,783</u>	<u>34,054</u>
Total Liabilities and Fund Balance	<u>\$ 11,537</u>	<u>\$ 650,107</u>	<u>\$ 65,038</u>	<u>\$ 34,054</u>

Debt Service Funds			Capital Projects Funds		Permanent Fund	Total
Building HVAC Renovation	Building Authority	Jail/Juvenile Facility	Municipal Building	Building Authority	Lewis Memorial Endowment	
\$ -	\$ 12,877	\$ 1,585,095	\$ 180,498	\$ 518	\$ 4,122	\$ 9,824,258
-	-	-	-	-	18,274	118,274
-	-	-	-	-	-	6,771,362
-	-	-	373	-	-	1,049,697
-	-	-	-	-	-	504,556
-	-	-	-	-	-	28,157
<u>\$ -</u>	<u>\$ 12,877</u>	<u>\$ 1,585,095</u>	<u>\$ 180,871</u>	<u>\$ 518</u>	<u>\$ 22,396</u>	<u>\$ 18,296,304</u>
\$ -	\$ -	\$ 112	\$ -	\$ -	\$ -	\$ 547,407
-	-	-	-	-	-	226,936
-	-	-	-	-	-	57,974
-	-	-	-	-	-	8,206,585
<u>-</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,038,902</u>
-	-	-	-	-	-	28,157
-	-	-	180,871	518	-	181,389
-	-	-	-	-	22,396	22,396
-	-	-	-	-	-	879,704
-	12,877	1,584,983	-	-	-	1,597,860
-	-	-	-	-	-	6,547,896
<u>-</u>	<u>12,877</u>	<u>1,584,983</u>	<u>180,871</u>	<u>518</u>	<u>22,396</u>	<u>9,257,402</u>
<u>\$ -</u>	<u>\$ 12,877</u>	<u>\$ 1,585,095</u>	<u>\$ 180,871</u>	<u>\$ 518</u>	<u>\$ 22,396</u>	<u>\$ 18,296,304</u>

Concluded

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Special Revenue Funds			
	Friend of Court	County Planning	Public Improvement	Senior Citizens Millage
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 2,631,659
Intergovernmental -				
Federal/State	310,833	108,496	-	-
Local	-	-	-	-
Charges for services	20,490	6,593	-	915
Fines and forfeits	-	-	-	-
Interest and rent	11,839	-	-	15,353
Other	-	7,500	11,518	-
Total Revenues	<u>343,162</u>	<u>122,589</u>	<u>11,518</u>	<u>2,647,927</u>
<b>Expenditures:</b>				
Current -				
Judicial	436,762	-	-	-
General Government	-	-	-	-
Public Safety	-	588,498	874,235	-
Health and Welfare	-	-	-	2,604,034
Recreation and Cultural	-	-	-	-
Capital Outlay	-	-	-	-
Debit Service -				
Principal	-	-	-	-
Interest and charges	-	-	-	-
Issuance cost	-	-	-	-
Total Expenditures	<u>436,762</u>	<u>588,498</u>	<u>874,235</u>	<u>2,604,034</u>
Excess of revenues over (under) expenditures	<u>( 93,600)</u>	<u>( 465,909)</u>	<u>( 862,717)</u>	<u>43,893</u>
<b>Other Financing Sources (Uses):</b>				
Proceed from sale of bond	-	-	-	-
Premium on debt	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers from other funds	-	519,852	137,047	33,760
Transfers to other funds	-	( 11,345)	( 109,405)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>508,507</u>	<u>27,642</u>	<u>33,760</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>( 93,600)</u>	<u>42,598</u>	<u>( 835,075)</u>	<u>77,653</u>
Fund Balances at beginning of year	369,082	78,405	2,140,148	654,988
Prior period adjustment	-	-	-	-
Fund Balances at beginning of year as restated	<u>369,082</u>	<u>78,405</u>	<u>2,140,148</u>	<u>654,988</u>
Fund Balances at end of year	<u>\$ 275,482</u>	<u>\$ 121,003</u>	<u>\$ 1,305,073</u>	<u>\$ 732,641</u>

Special Revenue Funds

Drug Task Force	Substance Abuse	County Library	CDBG Housing	HUD Housing	Family Independence Agency	Child Care
\$ 1,476,226	\$ -	\$ 2,631,653	\$ -	\$ -	\$ -	\$ -
30,405	327,402	196,857	-	-	531,520	603,139
-	-	8,000	-	-	-	-
-	-	41,611	-	-	-	115,480
223,813	-	949,070	-	-	-	-
351	5,842	99,668	2,059	255	-	-
72,807	-	30,561	63,165	-	73,428	1,993
<u>1,803,602</u>	<u>333,244</u>	<u>3,957,420</u>	<u>65,224</u>	<u>255</u>	<u>604,948</u>	<u>720,612</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,543,756	-	-	-	-	-	-
-	266,571	-	35,182	-	1,120,219	3,429,838
-	-	3,983,602	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,543,756</u>	<u>266,571</u>	<u>3,983,602</u>	<u>35,182</u>	<u>-</u>	<u>1,120,219</u>	<u>3,429,838</u>
<u>259,846</u>	<u>66,673</u>	<u>( 26,182)</u>	<u>30,042</u>	<u>255</u>	<u>( 515,271)</u>	<u>( 2,709,226)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,940	-	290,212	10,000	-	758,750	2,792,157
<u>( 221,927)</u>	<u>( 57,974)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 53,248)</u>	<u>-</u>
<u>( 202,987)</u>	<u>( 57,974)</u>	<u>290,212</u>	<u>10,000</u>	<u>-</u>	<u>705,502</u>	<u>2,792,157</u>
<u>56,859</u>	<u>8,699</u>	<u>264,030</u>	<u>40,042</u>	<u>255</u>	<u>190,231</u>	<u>82,931</u>
668,904	517,461	1,250,770	256,794	95,311	258,473	213,157
-	-	415,901	-	-	-	-
<u>668,904</u>	<u>517,461</u>	<u>1,666,671</u>	<u>256,794</u>	<u>95,311</u>	<u>258,473</u>	<u>213,157</u>
<u>\$ 725,763</u>	<u>\$ 526,160</u>	<u>\$ 1,930,701</u>	<u>\$ 296,836</u>	<u>\$ 95,566</u>	<u>\$ 448,704</u>	<u>\$ 296,088</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Special Revenue Funds			
	Veterans' Trust	E - 911	Deeds Automation	Local Corrections And Training
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental -				
Federal/State	22,389	-	-	-
Local	-	-	-	-
Charges for services	-	484,158	240,511	34,054
Fines and forfeits	-	-	-	-
Interest and rent	-	-	1,402	-
Other	-	-	-	-
Total Revenues	<u>22,389</u>	<u>484,158</u>	<u>241,913</u>	<u>34,054</u>
<b>Expenditures:</b>				
Current -				
Judicial	-	-	-	-
General Government	-	-	250,662	-
Public Safety	-	-	-	-
Health and Welfare	19,089	-	-	-
Recreation and Cultural	-	-	-	-
Capital Outlay	-	-	-	-
Debit Service -				
Principal	-	-	-	-
Interest and charges	-	-	-	-
Issuance cost	-	-	-	-
Total Expenditures	<u>19,089</u>	<u>-</u>	<u>250,662</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>3,300</u>	<u>484,158</u>	<u>( 8,749)</u>	<u>34,054</u>
<b>Other Financing Sources (Uses):</b>				
Proceed from sale of bond	-	-	-	-
Premium on debt	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	( 325,778)	( 62,358)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>( 325,778)</u>	<u>( 62,358)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>3,300</u>	<u>158,380</u>	<u>( 71,107)</u>	<u>34,054</u>
Fund Balances at beginning of year	7,496	491,727	77,890	-
Prior period adjustment	-	-	-	-
Fund Balances at beginning of year as restated	<u>7,496</u>	<u>491,727</u>	<u>77,890</u>	<u>-</u>
Fund Balances at end of year	<u>\$ 10,796</u>	<u>\$ 650,107</u>	<u>\$ 6,783</u>	<u>\$ 34,054</u>

Debt Service Funds			Capital Projects Funds		Permanent Fund	Total
Building HVAC Renovation	Building Authority	Jail/Juvenile Facility	Municipal Building	Building Authority	Lewis Memorial Endowment	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,739,538
-	-	-	-	-	-	2,131,041
-	-	-	-	-	-	8,000
-	-	-	96,062	-	-	1,039,874
-	-	-	-	-	-	1,172,883
-	-	-	-	-	547	137,316
-	12,877	-	-	-	-	273,849
-	12,877	-	96,062	-	547	11,502,501
-	-	-	-	-	-	436,762
-	-	-	-	-	-	250,662
-	-	-	-	-	-	3,006,489
-	-	-	-	-	-	7,474,933
-	-	-	-	-	-	3,983,602
-	-	-	75,542	400	-	75,942
63,000	300,000	550,000	-	-	-	913,000
1,751	264,801	1,348,625	-	-	-	1,615,177
-	160,686	-	-	-	-	160,686
64,751	725,487	1,898,625	75,542	400	-	17,917,253
( 64,751)	( 712,610)	( 1,898,625)	20,520	( 400)	547	( 6,414,752)
-	9,625,000	-	-	-	-	9,625,000
-	385,068	-	-	-	-	385,068
-	( 10,094,007)	-	-	-	-	( 10,094,007)
56,235	809,251	-	-	161	-	5,426,365
-	-	-	-	-	-	( 842,035)
56,235	725,312	-	-	161	-	4,500,391
( 8,516)	12,702	( 1,898,625)	20,520	( 239)	547	( 1,914,361)
8,516	175	3,483,608	160,351	757	21,849	10,755,862
-	-	-	-	-	-	415,901
8,516	175	3,483,608	160,351	757	21,849	11,171,763
\$ -	\$ 12,877	\$ 1,584,983	\$ 180,871	\$ 518	\$ 22,396	\$ 9,257,402

Concluded

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>FRIEND OF COURT</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 354,344	\$ 310,833	\$( 43,511)
Charges for services	14,640	20,490	5,850
Interest and rent	12,000	11,839	( 161)
Total Revenues	<u>380,984</u>	<u>343,162</u>	<u>( 37,822)</u>
<b>Expenditures:</b>			
Judicial	<u>455,581</u>	<u>436,762</u>	<u>18,819</u>
Excess of revenues			
(under) expenditures	( 74,597)	( 93,600)	( 19,003)
Fund Balance at beginning of year	<u>369,082</u>	<u>369,082</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 294,485</u></u>	<u><u>\$ 275,482</u></u>	<u><u>\$( 19,003)</u></u>

**COUNTY PLANNING**

<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 202,500	\$ 108,496	\$( 94,004)
Charges for services	6,750	6,593	( 157)
Other	7,500	7,500	-
Total Revenues	<u>216,750</u>	<u>122,589</u>	<u>( 94,161)</u>
<b>Expenditures:</b>			
Public Safety	<u>694,257</u>	<u>588,498</u>	<u>105,759</u>
Excess of revenues over			
(under) expenditures	<u>( 477,507)</u>	<u>( 465,909)</u>	<u>11,598</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	519,852	519,852	-
Transfers to other funds	<u>( 11,345)</u>	<u>( 11,345)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>508,507</u>	<u>508,507</u>	<u>-</u>
Excess of revenues and other sources			
over expenditures and other uses	31,000	42,598	11,598
Fund Balance at beginning of year	<u>78,405</u>	<u>78,405</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 109,405</u></u>	<u><u>\$ 121,003</u></u>	<u><u>\$ 11,598</u></u>

Continued



**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>PUBLIC IMPROVEMENT</b>			
<b>Revenues:</b>			
Other	\$ -	\$ 11,518	\$ 11,518
<b>Expenditures:</b>			
Public Safety	<u>848,161</u>	<u>874,235</u>	<u>( 26,074)</u>
Excess of revenues (under) expenditures	<u>( 848,161)</u>	<u>( 862,717)</u>	<u>( 14,556)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	137,047	137,047	-
Transfers to other funds	<u>( 109,405)</u>	<u>( 109,405)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>27,642</u>	<u>27,642</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>( 820,519)</u>	<u>( 835,075)</u>	<u>( 14,556)</u>
Fund Balance at beginning of year	<u>2,140,148</u>	<u>2,140,148</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,319,629</u></u>	<u><u>\$ 1,305,073</u></u>	<u><u>\$( 14,556)</u></u>
<b>SENIOR CITIZENS MILLAGE</b>			
<b>Revenues:</b>			
Taxes	\$ 2,615,500	\$ 2,631,659	\$ 16,159
Charges for services	-	915	915
Interest and rent	<u>13,000</u>	<u>15,353</u>	<u>2,353</u>
Total Revenues	<u>2,628,500</u>	<u>2,647,927</u>	<u>19,427</u>
<b>Expenditures:</b>			
Health and Welfare	<u>2,662,000</u>	<u>2,604,034</u>	<u>57,966</u>
Excess of revenues over (under) expenditures	<u>( 33,500)</u>	<u>43,893</u>	<u>77,393</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	50,000	33,760	( 16,240)
Transfers to other funds	<u>( 16,500)</u>	<u>-</u>	<u>16,500</u>
Total Other Financing Sources (Uses)	<u>33,500</u>	<u>33,760</u>	<u>260</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>77,653</u>	<u>77,653</u>
Fund Balance at beginning of year	<u>654,988</u>	<u>654,988</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 654,988</u></u>	<u><u>\$ 732,641</u></u>	<u><u>\$ 77,653</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>DRUG TASK FORCE</b>			
<b>Revenues:</b>			
Taxes	\$ 1,470,008	\$ 1,476,226	\$ 6,218
Intergovernmental -			
Federal/State	-	30,405	30,405
Fines and forfeits	281,000	223,813	( 57,187)
Interest and rent	-	351	351
Other	-	72,807	72,807
Total Revenues	<u>1,751,008</u>	<u>1,803,602</u>	<u>52,594</u>
<b>Expenditures:</b>			
Public Safety	<u>1,427,429</u>	<u>1,543,756</u>	<u>( 116,327)</u>
Excess of revenues over (under) expenditures	<u>323,579</u>	<u>259,846</u>	<u>( 63,733)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	20,406	18,940	( 1,466)
Transfers to other funds	<u>( 221,927)</u>	<u>( 221,927)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>( 201,521)</u>	<u>( 202,987)</u>	<u>( 1,466)</u>
Excess of revenues and other sources over (under) expenditures and other uses	122,058	56,859	( 65,199)
Fund Balance at beginning of year	<u>668,904</u>	<u>668,904</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 790,962</u></u>	<u><u>\$ 725,763</u></u>	<u><u>\$( 65,199)</u></u>
<b>SUBSTANCE ABUSE</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 304,392	\$ 327,402	\$ 23,010
Interest and rent	<u>4,500</u>	<u>5,842</u>	<u>1,342</u>
Total Revenues	308,892	333,244	24,352
<b>Expenditures:</b>			
Health and Welfare	<u>308,892</u>	<u>266,571</u>	<u>42,321</u>
Excess of revenues over expenditures	-	66,673	66,673
<b>Other Financing Sources:</b>			
Operating transfers to other funds	<u>-</u>	<u>( 57,974)</u>	<u>( 57,974)</u>
Excess of revenues and other sources over expenditures	-	8,699	8,699
Fund Balance at beginning of year	<u>517,461</u>	<u>517,461</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 517,461</u></u>	<u><u>\$ 526,160</u></u>	<u><u>\$ 8,699</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>COUNTY LIBRARY</b>			
<b>Revenues:</b>			
Taxes	\$ 2,615,633	\$ 2,631,653	\$ 16,020
Intergovernmental -			
Federal/State	228,457	196,857	( 31,600)
Local	8,000	8,000	-
Charges for services	41,228	41,611	383
Fines and forfeits	846,996	949,070	102,074
Interest and rent	89,022	99,668	10,646
Other	19,809	30,561	10,752
Total Revenues	<u>3,849,145</u>	<u>3,957,420</u>	<u>108,275</u>
<b>Expenditures:</b>			
Recreation and Cultural	<u>4,400,304</u>	<u>3,983,602</u>	<u>416,702</u>
Excess of revenues over (under) expenditures	( 551,159)	( 26,182)	524,977
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>248,617</u>	<u>290,212</u>	<u>41,595</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>( 302,542)</u>	<u>264,030</u>	<u>566,572</u>
Fund Balance at beginning of year	1,250,770	1,250,770	-
Prior period adjustment	<u>-</u>	<u>415,901</u>	<u>415,901</u>
Fund Balance at beginning of year as restated	<u>1,250,770</u>	<u>1,666,671</u>	<u>415,901</u>
Fund Balance at end of year	<u><u>\$ 948,228</u></u>	<u><u>\$ 1,930,701</u></u>	<u><u>\$ 982,473</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>CDBG HOUSING</b>			
<b>Revenues:</b>			
Interest	\$ 1,500	\$ 2,059	\$ 559
Other	<u>53,500</u>	<u>63,165</u>	<u>9,665</u>
Total Revenues	55,000	65,224	10,224
<b>Expenditures:</b>			
Health and Welfare	<u>75,000</u>	<u>35,182</u>	<u>39,818</u>
Excess of revenues over (under) expenditures	<u>( 20,000)</u>	<u>30,042</u>	<u>50,042</u>
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>( 10,000)</u>	<u>40,042</u>	<u>50,042</u>
Fund Balance at beginning of year	<u>256,794</u>	<u>256,794</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 246,794</u></u>	<u><u>\$ 296,836</u></u>	<u><u>\$ 50,042</u></u>

**HUD HOUSING**

<b>Revenues:</b>			
Interest	\$ -	\$ 255	\$ 255
<b>Expenditures:</b>			
Health and Welfare	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>255</u>	<u>255</u>
Fund Balance at beginning of year	<u>95,311</u>	<u>95,311</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 95,311</u></u>	<u><u>\$ 95,566</u></u>	<u><u>\$ 255</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>FAMILY INDEPENDENCE AGENCY</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 1,290,000	\$ 531,520	\$( 758,480)
Other	3,500	73,428	69,928
Total Revenues	<u>1,293,500</u>	<u>604,948</u>	<u>( 688,552)</u>
<b>Expenditures:</b>			
Health and Welfare	<u>1,999,002</u>	<u>1,120,219</u>	<u>878,783</u>
Excess of revenues over (under) expenditures	<u>( 705,502)</u>	<u>( 515,271)</u>	<u>190,231</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	758,750	758,750	-
Transfers to other funds	<u>( 53,248)</u>	<u>( 53,248)</u>	<u>-</u>
Total Other Financing Sources and ( Uses)	<u>705,502</u>	<u>705,502</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	-	190,231	190,231
Fund Balance at beginning of year	<u>258,473</u>	<u>258,473</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 258,473</u></u>	<u><u>\$ 448,704</u></u>	<u><u>\$ 190,231</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>CHILD CARE</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 558,690	\$ 603,139	\$ 44,449
Charges for services	171,212	115,480	( 55,732)
Other	<u>1,000</u>	<u>1,993</u>	<u>993</u>
Total Revenues	730,902	720,612	( 10,290)
<b>Expenditures:</b>			
Health and Welfare	<u>3,557,369</u>	<u>3,429,838</u>	<u>127,531</u>
Excess of revenues over (under) expenditures	( 2,826,467)	( 2,709,226)	117,241
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>2,792,157</u>	<u>2,792,157</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	( 34,310)	82,931	117,241
Fund Balance at beginning of year	<u>213,157</u>	<u>213,157</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 178,847</u></u>	<u><u>\$ 296,088</u></u>	<u><u>\$ 117,241</u></u>
<b>VETERANS' TRUST</b>			
<b>Revenues:</b>			
Intergovernmental -			
Federal/State	\$ 30,000	\$ 22,389	\$( 7,611)
<b>Expenditures:</b>			
Health and Welfare	<u>30,000</u>	<u>19,089</u>	<u>10,911</u>
Excess of revenues over expenditures	-	3,300	3,300
Fund Balance at beginning of year	<u>7,496</u>	<u>7,496</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 7,496</u></u>	<u><u>\$ 10,796</u></u>	<u><u>\$ 3,300</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>E - 911</b>			
<b>Revenues:</b>			
Charges for Services	\$ 550,000	\$ 484,158	\$( 65,842)
<b>Expenditures:</b>			
Public Safety	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	550,000	484,158	( 65,842)
<b>Other Financing (Uses) :</b>			
Transfers to other funds	<u>( 550,000)</u>	<u>( 325,778)</u>	<u>224,222</u>
Excess of revenues over expenditures and other uses	-	158,380	158,380
Fund Balance at beginning of year	<u>491,727</u>	<u>491,727</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 491,727</u></u>	<u><u>\$ 650,107</u></u>	<u><u>\$ 158,380</u></u>

**DEEDS AUTOMATION**

<b>Revenues:</b>			
Charges for Services	\$ 235,000	\$ 240,511	\$ 5,511
Interest	<u>-</u>	<u>1,402</u>	<u>1,402</u>
Total Revenues	235,000	241,913	6,913
<b>Expenditures:</b>			
General Government	<u>240,000</u>	<u>250,662</u>	<u>( 10,662)</u>
Excess of revenues (under) expenditures	( 5,000)	( 8,749)	( 3,749)
<b>Other Financing (Uses) :</b>			
Transfers to other funds	<u>( 72,538)</u>	<u>( 62,358)</u>	<u>10,180</u>
Excess of revenues (under) expenditures and other uses	( 77,538)	( 71,107)	6,431
Fund Balance at beginning of year	<u>77,890</u>	<u>77,890</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 352</u></u>	<u><u>\$ 6,783</u></u>	<u><u>\$ 6,431</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>LOCAL CORRECTIONS AND TRAINING</b>			
<b>Revenues:</b>			
Charges for services	\$ 15,000	\$ 34,054	\$ 19,054
<b>Expenditures:</b>			
Public Safety	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Excess of revenues under expenditures	-	34,054	34,054
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 34,054</u>	<u>\$ 34,054</u>

Concluded



## **NONMAJOR ENTERPRISE FUNDS**

## **NON-MAJOR ENTERPRISE FUNDS**

### **ENTERPRISE FUNDS**

Enterprise Funds are used to report operations that provide services which are financed primarily by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The Enterprise Funds of the County are as follows:

**Airport Commission** – is used to account for the operation of the County-owned airport which sells gasoline, rents hangers, etc.

**Sheriff's Concession** – is used to account for the concession operations in the County Jail complex, which sells various items to the jail inmates.

**ST. CLAIR COUNTY, MICHIGAN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

	Airport Commission	Sheriff's Concession	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 152,367	\$ 144,399	\$ 296,766
Accounts receivable			
Interest and accounts	3,113	3,853	6,966
Due from other funds	-	10,384	10,384
Prepaid expenses	57,131	-	57,131
Total Current Assets	<u>212,611</u>	<u>158,636</u>	<u>371,247</u>
<b>Property, Plant and Equipment:</b>			
Property, plant and equipment	10,120,337	12,365	10,132,702
Less - accumulated depreciation	( 6,931,692)	( 12,365)	( 6,944,057)
Total Property, Plant and Equipment (net of accumulated depreciation)	<u>3,188,645</u>	<u>-</u>	<u>3,188,645</u>
Total Assets	<u>3,401,256</u>	<u>158,636</u>	<u>3,559,892</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable	13,788	12,209	25,997
Accrued expenses	8,081	323	8,404
Advances from component units	89,281	-	89,281
Deferred revenue	42,393	-	42,393
Total Current Liabilities	<u>153,543</u>	<u>12,532</u>	<u>166,075</u>
<b>Long-Term Liabilities:</b>			
Accrued vacation and sick (less current portion)	<u>17,237</u>	<u>-</u>	<u>17,237</u>
Total Liabilities	<u>170,780</u>	<u>12,532</u>	<u>183,312</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	3,188,645	-	3,188,645
Unrestricted	<u>41,831</u>	<u>146,104</u>	<u>187,935</u>
Total Net Assets	<u>\$ 3,230,476</u>	<u>\$ 146,104</u>	<u>\$ 3,376,580</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 44,508	\$ 137,073	\$ 181,581
Interest and rents	120,851	-	120,851
Other	4,282	7,524	11,806
Total Operating Revenues	<u>169,641</u>	<u>144,597</u>	<u>314,238</u>
<b>Operating Expenses:</b>			
Personal services	217,239	12,610	229,849
Supplies	32,657	6,821	39,478
Other services	102,428	137,286	239,714
Depreciation	181,754	-	181,754
Total Operating Expenses	<u>534,078</u>	<u>156,717</u>	<u>690,795</u>
Net Income (Loss) Before Contribution	( 364,437)	( 12,120)	( 376,557)
<b>Capital Contribution</b>			
Federal/State	<u>26,479</u>	<u>-</u>	<u>26,479</u>
Net Income (Loss) Before Transfers	<u>( 337,958)</u>	<u>( 12,120)</u>	<u>( 350,078)</u>
<b>Transfers:</b>			
Transfers from other funds	256,007	-	256,007
Transfers to other funds	<u>( 477,340)</u>	<u>-</u>	<u>( 477,340)</u>
	<u>( 221,333)</u>	<u>-</u>	<u>( 221,333)</u>
Change in Net Assets	( 559,291)	( 12,120)	( 571,411)
Net Assets at beginning of year	<u>3,789,767</u>	<u>158,224</u>	<u>3,947,991</u>
Net Assets at end of year	<u><u>\$ 3,230,476</u></u>	<u><u>\$ 146,104</u></u>	<u><u>\$ 3,376,580</u></u>

**ST. CLAIR COUNTY, MICHIGAN**

**NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash receipts from customers	\$ 184,725	\$ 144,597	\$ 329,322
Cash payments to suppliers	( 110,222)	( 140,514)	( 250,736)
Cash payments to employees	( 210,819)	( 12,545)	( 223,364)
Net Cash Provided (Used) by Operating Activities	<u>( 136,316)</u>	<u>( 8,462)</u>	<u>( 144,778)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Operating transfers from other funds	<u>256,007</u>	<u>-</u>	<u>256,007</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Capital contributions	26,479	-	26,479
Acquisition and construction of capital assets	<u>( 58,365)</u>	<u>-</u>	<u>( 58,365)</u>
Net Cash Used by Capital and Related Financing Activities	<u>( 31,886)</u>	<u>-</u>	<u>( 31,886)</u>
Net Increase (Decrease) in Cash and Cash Equivalents for the year	87,805	( 8,462)	79,343
Cash and Cash Equivalents at Beginning of Year	<u>64,562</u>	<u>152,861</u>	<u>217,423</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 152,367</u></u>	<u><u>\$ 144,399</u></u>	<u><u>\$ 296,766</u></u>
<b>Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss) for the year	\$( 364,437)	\$( 12,120)	\$( 376,557)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -			
Depreciation	181,754	-	181,754
Change in assets and liabilities:			
Accounts receivable	1,614	-	1,614
Prepays and deposits	31,886	-	31,886
Accounts payable	( 7,023)	3,593	( 3,430)
Accrued expenses	6,420	65	6,485
Deferred revenue	42,393	-	42,393
Advances and deposits	<u>( 28,923)</u>	<u>-</u>	<u>( 28,923)</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$( 136,316)</u></u>	<u><u>\$( 8,462)</u></u>	<u><u>\$( 144,778)</u></u>

## **FIDUCIARY FUNDS**

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the County for the other parties (either as a trustee or as an agent) that cannot be used to finance the County's own operating programs.

### **Pension Trust Funds –**

**Pension** is used to account for employer and employee pension contributions, investment income, accumulated assets and payments to beneficiaries. The Pension Fund is accounted for in essentially the same manner as Proprietary Funds, but with an important expanded emphasis on net assets available for pension benefits.

### **Agency Funds –**

**Trust and Agency** – is used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds.

**Library Penal Fines** – is used to account for the portion of fines that are collected by the 72<sup>nd</sup> District Court and distributed to the St. Clair County Public Library and County Law Library.

**Payroll** – is used to account for payroll activities to County employees.

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF FIDUCIARY NET ASSETS  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUND  
DECEMBER 31, 2004**

**ASSETS:**

Cash and cash equivalents	\$ 7,148,917
Investments, at fair value	
U.S. Government Securities	33,101,264
Corporate Bonds	68,199,649
Stocks	76,311,055
Receivables -	
Interest and dividends	856,232
Prepayments and deposits	<u>153,117</u>
Total Assets	<u>185,770,234</u>

**LIABILITIES:**

Accounts payable	\$ 137,172
Accrued liabilities	209,024
Due to former employee	<u>53,528</u>
Total Liabilities	<u>399,724</u>

**NET ASSETS:**

Net assets held in trust for pension benefits	<u><u>\$ 185,370,510</u></u>
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**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Net Assets Held in Trust				
	Member Contributions	Employer Contributions	Pension Payments	Health Care	Total
<b>Additions:</b>					
Contributions					
Member contributions	\$ 2,051,964	\$ -	\$ -	\$ -	\$ 2,051,964
Employer contributions	-	1,408,431	-	3,793,162	5,201,593
Total Contributions	2,051,964	1,408,431	-	3,793,162	7,253,557
Investment income					
Net appreciation (depreciation) in fair value of investments	-	4,796,525	-	-	4,796,525
Interest/Dividends	-	6,043,438	-	-	6,043,438
Net investment income	-	10,839,963	-	-	10,839,963
Total Additions	2,051,964	12,248,394	-	3,793,162	18,093,520
<b>Deductions:</b>					
Retirement payroll	-	-	6,093,198	-	6,093,198
Health insurance	-	-	-	2,974,636	2,974,636
Death benefits	-	66,500	-	-	66,500
Employee refunds	236,134	-	-	-	236,134
Administration	-	101,463	-	-	101,463
Professional fees	-	607,076	-	-	607,076
Total Deductions	236,134	775,039	6,093,198	2,974,636	10,079,007
Net Increase (Decrease) Before Transfer	1,815,830	11,473,355	( 6,093,198)	818,526	8,014,513
<b>Interfund Transfers In (Out) :</b>					
Retirees obligation	( 1,434,956)	( 7,910,183)	9,345,139	-	-
Interest	741,776	( 5,673,479)	2,986,561	1,945,142	-
Net Increase (Decrease)	1,122,650	( 2,110,307)	6,238,502	2,763,668	8,014,513
<b>Net assets held in trust for pension benefits:</b>					
Beginning of year	23,324,674	71,647,797	51,156,808	31,226,718	177,355,997
End of year	\$ 24,447,324	\$ 69,537,490	\$ 57,395,310	\$ 33,990,386	\$ 185,370,510

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
DECEMBER 31, 2004**

	Agency Funds			
	Trust and Agency	Library Penal Fines	Payroll	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,934,045	\$ 11,062	\$ 10,221	\$ 1,955,328
Investments	1,034,750	-	-	1,034,750
Receivables	7,396,548	4,654	-	7,401,202
Total Assets	<u>\$ 10,365,343</u>	<u>\$ 15,716</u>	<u>\$ 10,221</u>	<u>\$ 10,391,280</u>
<b>LIABILITIES</b>				
Due to individuals and agencies	\$ 9,674,360	\$ -	\$ 16,091	\$ 9,690,451
Due to other governmental units -				
Federal/state	553,342	-	( 5,911)	547,431
Local	137,641	15,716	41	153,398
Total Liabilities	<u>\$ 10,365,343</u>	<u>\$ 15,716</u>	<u>\$ 10,221</u>	<u>\$ 10,391,280</u>

**ST. CLAIR COUNTY, MICHIGAN**

**AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,950,793	\$ 213,211,708	\$ 213,207,173	\$ 1,955,328
Investments	1,030,703	57,734,047	57,730,000	1,034,750
Receivables	4,923,502	2,614,288	136,588	7,401,202
	<u>4,923,502</u>	<u>2,614,288</u>	<u>136,588</u>	<u>7,401,202</u>
Total Assets	<u>\$ 7,904,998</u>	<u>\$ 273,560,043</u>	<u>\$ 271,073,761</u>	<u>\$ 10,391,280</u>
<b>Liabilities:</b>				
Due to -				
Individuals and agencies	\$ 7,092,892	\$ 176,398,267	\$ 173,800,708	\$ 9,690,451
Other governmental units -				
Federal/State	668,638	19,841,316	19,962,523	547,431
Local	143,468	621,313	611,383	153,398
Other funds	-	5,839,154	5,839,154	-
	<u>-</u>	<u>5,839,154</u>	<u>5,839,154</u>	<u>-</u>
Total Liabilities	<u>\$ 7,904,998</u>	<u>\$ 202,700,050</u>	<u>\$ 200,213,768</u>	<u>\$ 10,391,280</u>

<b>TRUST AND AGENCY</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,924,596	\$ 169,405,245	\$ 169,395,796	\$ 1,934,045
Investments	1,030,703	57,734,047	57,730,000	1,034,750
Receivables	4,920,347	2,609,634	133,433	7,396,548
	<u>4,920,347</u>	<u>2,609,634</u>	<u>133,433</u>	<u>7,396,548</u>
Total Assets	<u>\$ 7,875,646</u>	<u>\$ 229,748,926</u>	<u>\$ 227,259,229</u>	<u>\$ 10,365,343</u>
<b>Liabilities:</b>				
Due to -				
Individuals and agencies	\$ 7,077,907	\$ 153,184,653	\$ 150,588,200	\$ 9,674,360
Other governmental units -				
State	668,606	10,417,617	10,532,881	553,342
Local	129,133	461,163	452,655	137,641
Other funds	-	4,510,547	4,510,547	-
	<u>-</u>	<u>4,510,547</u>	<u>4,510,547</u>	<u>-</u>
Total Liabilities	<u>\$ 7,875,646</u>	<u>\$ 168,573,980</u>	<u>\$ 166,084,283</u>	<u>\$ 10,365,343</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004
<b>LIBRARY PENAL FINES</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 11,180	\$ 1,309,579	\$ 1,309,697	\$ 11,062
Accounts receivable	3,155	4,654	3,155	4,654
	<u>\$ 14,335</u>	<u>\$ 1,314,233</u>	<u>\$ 1,312,852</u>	<u>\$ 15,716</u>
<b>Liabilities:</b>				
Due to -				
Other governmental units -				
Local	\$ 14,335	\$ 15,716	\$ 14,335	\$ 15,716
Other funds	<u>-</u>	<u>1,328,568</u>	<u>1,328,568</u>	<u>-</u>
Total Liabilities	<u>\$ 14,335</u>	<u>\$ 1,344,284</u>	<u>\$ 1,342,903</u>	<u>\$ 15,716</u>
<b>PAYROLL FUND</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 15,017</u>	<u>\$ 42,496,884</u>	<u>\$ 42,501,680</u>	<u>\$ 10,221</u>
<b>Liabilities:</b>				
Due to -				
Individuals and agencies	\$ 14,985	\$ 23,213,614	\$ 23,212,508	\$ 16,091
Other governmental units -				
Federal/State	32	9,423,699	9,429,642	( 5,911)
Local	-	144,434	144,393	41
Other funds	<u>-</u>	<u>39</u>	<u>39</u>	<u>-</u>
Total Liabilities	<u>\$ 15,017</u>	<u>\$ 32,781,786</u>	<u>\$ 32,786,582</u>	<u>\$ 10,221</u>

Concluded

**CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
<b>General County:</b>				
Land	\$ 1,898,047	\$ 20,952	\$ -	\$ 1,918,999
Land improvements	3,060,148	150,759	-	3,210,907
Buildings	39,100,758	698,703	-	39,799,461
Equipment -				
Fixed equipment	26,523	-	-	26,523
Machinery	2,986,475	225,834	53,485	3,158,824
Furniture and fixtures	70,412	-	-	70,412
Office	3,006,252	449,698	-	3,455,950
Vehicles	1,908,556	314,757	183,271	2,040,042
Books	12,785,542	464,796	540,364	12,709,974
	<u>64,842,713</u>	<u>2,325,499</u>	<u>777,120</u>	<u>66,391,092</u>
Less - accumulated depreciation	( 26,103,564)	( 2,783,872)	( 716,707)	( 28,170,729)
	<u>38,739,149</u>	<u>( 458,373)</u>	<u>60,413</u>	<u>38,220,363</u>
Construction in progress	<u>9,923,013</u>	<u>27,999,073</u>	<u>-</u>	<u>37,922,086</u>
Net Total Investment in General Fixed Assets	<u>\$ 48,662,162</u>	<u>\$ 27,540,700</u>	<u>\$ 60,413</u>	<u>\$ 76,142,449</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net assets.

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
DECEMBER 31, 2004**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
<b>Judicial:</b>				
Circuit Court	\$ 185,932	\$ -	\$ -	\$ 185,932
Circuit Court - Family Division	88,927	-	-	88,927
District Court	575,556	66,034	314,907	194,615
Friend of Court	266,775	-	3,200	263,575
	<u>1,117,190</u>	<u>66,034</u>	<u>318,107</u>	<u>733,049</u>
<b>General Government:</b>				
Administrator/Controller	10,000	-	-	10,000
Accounting	185,942	-	-	185,942
Information Technology	1,551,208	-	-	1,551,208
Clerk/Register	49,853	-	-	49,853
Register of Deeds	40,427	-	-	40,427
Equalization	5,630	-	-	5,630
Prosecuting Attorney	61,289	-	-	61,289
Human Resources	15,741	-	-	15,741
Property Description	90,675	-	-	90,675
County Treasurer	13,000	-	7,500	5,500
Buildings and Grounds	185,781	-	86,716	99,065
Public Improvement	879,195	384,000	161,135	334,060
Motor Pool	66,377	-	-	66,377
Drain Commissioner	232,037	-	-	232,037
Cooperative Extension	12,743	-	-	12,743
	<u>3,399,898</u>	<u>384,000</u>	<u>255,351</u>	<u>2,760,547</u>
<b>Public Safety:</b>				
Sheriff and Patrol	1,182,646	-	-	1,182,646
Marine Safety	346,414	-	-	346,414
Jail	1,960,308	15,523	1,874,016	70,769
Juvenile Center	649,882	40,385	501,592	107,905
Radio/Communications	2,036,253	-	-	2,036,253
Emergency Services	123,837	9,142	-	114,695
Hazardous Materials Handling	809,424	171,003	487,315	151,106
Animal Shelter	350,922	19,200	262,821	68,901
Drug Task Force	168,397	-	-	168,397
Planning Commission	70,820	-	-	70,820
	<u>7,698,903</u>	<u>255,253</u>	<u>3,125,744</u>	<u>4,317,906</u>
<b>Health and Welfare:</b>				
Veterans Counselor	7,295	-	-	7,295
Day Treatment/Night Watch	214,139	9,173	109,915	95,051
Health Department	1,678,311	81,920	1,298,991	297,400
	<u>1,899,745</u>	<u>91,093</u>	<u>1,408,906</u>	<u>399,746</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
DECEMBER 31, 2004**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
<b>Recreation and Cultural:</b>				
Parks and Recreation	\$ 5,514,164	\$ 2,072,392	\$ 3,191,453	\$ 250,319
Public Library	13,880,505	87,464	792,883	13,000,158
	<u>19,394,669</u>	<u>2,159,856</u>	<u>3,984,336</u>	<u>13,250,477</u>
<b>General:</b>				
Land and improvements	2,173,670	2,173,670	-	-
Buildings	30,707,017	-	30,707,017	-
	<u>32,880,687</u>	<u>2,173,670</u>	<u>30,707,017</u>	<u>-</u>
Total General Fixed Assets	66,391,092	5,129,906	39,799,461	21,461,725
Less: accumulated depreciation	( 28,174,463)	( 1,195,516)	( 11,856,419)	( 15,122,528)
	<u>38,216,629</u>	<u>3,934,390</u>	<u>27,943,042</u>	<u>6,339,197</u>
Construction in progress	<u>37,922,086</u>	<u>446,269</u>	<u>37,475,817</u>	<u>-</u>
Total General Fixed Assets (Net of Accumulated Depreciation)	<u>\$ 76,138,715</u>	<u>\$ 4,380,659</u>	<u>\$ 65,418,859</u>	<u>\$ 6,339,197</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net assets.

Concluded



**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
<b>Judicial:</b>				
Circuit Court	\$ 185,932	\$ -	\$ -	\$ 185,932
Circuit Court - Family Division	88,927	-	-	88,927
District Court	504,937	70,619	-	575,556
Friend of Court	266,775	-	-	266,775
Total Judicial	<u>1,046,571</u>	<u>70,619</u>	<u>-</u>	<u>1,117,190</u>
<b>General Government:</b>				
Administrator/Controller	10,000	-	-	10,000
Accounting	185,942	-	-	185,942
Information Technology	1,423,655	127,553	-	1,551,208
Clerk/Register	42,319	7,534	-	49,853
Register of Deeds	40,427	-	-	40,427
Equalization	5,630	-	-	5,630
Prosecuting Attorney	61,289	-	-	61,289
Human Resources	15,741	-	-	15,741
Property Description	90,675	-	-	90,675
County Treasurer	13,000	-	-	13,000
Buildings and Grounds	131,081	54,700	-	185,781
Public Improvement	879,195	-	-	879,195
Motor Pool	66,377	-	-	66,377
Drain Commissioner	215,216	39,212	22,391	232,037
Cooperative Extension	12,743	-	-	12,743
Total General Government	<u>3,193,290</u>	<u>228,999</u>	<u>22,391</u>	<u>3,399,898</u>
<b>Public Safety:</b>				
Sheriff and Patrol	1,087,829	255,697	160,880	1,182,646
Marine Safety	399,899	-	53,485	346,414
Jail	1,960,308	-	-	1,960,308
Juvenile Center	625,337	24,545	-	649,882
Radio/Communications	1,627,926	408,327	-	2,036,253
Emergency Services	102,648	21,189	-	123,837
Hazardous Materials Handling	109,398	700,026	-	809,424
Animal Shelter	350,922	-	-	350,922
Drug Task Force	152,792	15,605	-	168,397
Planning Commission	70,820	-	-	70,820
Total Public Safety	<u>6,487,879</u>	<u>1,425,389</u>	<u>214,365</u>	<u>7,698,903</u>

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
<b>Health and Welfare:</b>				
Veterans Counselor	\$ 7,295	\$ -	\$ -	\$ 7,295
Day Treatment/Night Watch	214,139	-	-	214,139
Health Department	1,558,912	119,399	-	1,678,311
Total Health and Welfare	<u>1,780,346</u>	<u>119,399</u>	<u>-</u>	<u>1,899,745</u>
<b>Recreation and Cultural:</b>				
Parks and Recreation	5,514,164	-	-	5,514,164
Public Library	13,946,446	474,423	540,364	13,880,505
Total Recreation and Cultural	<u>19,460,610</u>	<u>474,423</u>	<u>540,364</u>	<u>19,394,669</u>
<b>General:</b>				
Land and improvements	2,173,670	-	-	2,173,670
Buildings	30,700,347	6,670	-	30,707,017
	32,874,017	6,670	-	32,880,687
Construction in progress	9,923,013	27,999,073	-	37,922,086
Total General	<u>42,797,030</u>	<u>28,005,743</u>	<u>-</u>	<u>70,802,773</u>
 Total General Fixed Assets	 <u>\$ 74,765,726</u>	 <u>\$ 30,324,572</u>	 <u>\$ 777,120</u>	 <u>\$ 104,313,178</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net assets.

## **DRAIN COMMISSIONER**

**ST. CLAIR COUNTY, MICHIGAN**

**DRAIN FUNDS  
BALANCE SHEET/STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Drain Debt</u>	<u>Special Services</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 167,567	\$ 6,771	\$ 63,743	\$ 41,623
Special assessments receivable	56,033	-	416,753	-
Due from other governmental units	73,028	-	-	-
Due from other funds	-	205,375	-	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u><u>\$ 296,628</u></u>	<u><u>\$ 212,146</u></u>	<u><u>\$ 480,496</u></u>	<u><u>\$ 41,623</u></u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 135,131	\$ -	\$ -	\$ 1,405
Accrued interest	-	-	-	-
Due to other funds	205,375	-	-	-
Advances from primary government	-	50,000	-	-
Deferred revenue	-	-	416,753	-
Non-current liabilities				
Due within on year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	<u>340,506</u>	<u>50,000</u>	<u>416,753</u>	<u>1,405</u>
<b>Fund Balance (Deficit):</b>				
Unreserved -				
Undesignated	<u>( 43,878)</u>	<u>162,146</u>	<u>63,743</u>	<u>40,218</u>
Total Liabilities and Fund				
Balance	<u><u>\$ 296,628</u></u>	<u><u>\$ 212,146</u></u>	<u><u>\$ 480,496</u></u>	<u><u>\$ 41,623</u></u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total Net Assets				

<u>Equipment Rental</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 32,808	\$ 312,512	\$ -	\$ 312,512
-	472,786	-	472,786
-	73,028	-	73,028
-	205,375	(205,375)	-
-	-	2,756,394	2,756,394
-	-	5,464,611	5,464,611
<u>\$ 32,808</u>	<u>\$ 1,063,701</u>	<u>\$ 8,015,630</u>	<u>\$ 9,079,331</u>

\$ 470	\$ 137,006	\$ -	\$ 137,006
-	-	22,247	22,247
-	205,375	(205,375)	-
-	50,000		50,000
-	416,753	(416,753)	-
-	-	1,674,550	1,674,550
-	-	313,950	313,950
<u>470</u>	<u>809,134</u>	<u>1,388,619</u>	<u>2,197,753</u>

<u>32,338</u>	<u>254,567</u>	<u>(254,567)</u>	<u>-</u>
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<u>\$ 32,808</u>	<u>\$ 1,063,701</u>
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7,907,055	7,907,055
63,743	63,743
<u>(1,089,220)</u>	<u>(1,089,220)</u>
<u>6,881,578</u>	<u>6,881,578</u>

ST. CLAIR COUNTY, MICHIGAN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
DRAIN FUND TO NET ASSETS OF DRAIN ACTIVITIES  
ON THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2004

Fund Balances - Drain Fund		\$	254,567
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Capital assets			12,046,517
Accumulated depreciation		(	3,825,512)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			
Special Assessments			416,753
Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Notes payable	(	1,988,500)	
Accrued interest on bonds/notes payable	(	22,247)	( 2,010,747)
Net Assets of Drain Commissioner		\$	<u><u>6,881,578</u></u>

**ST. CLAIR COUNTY, MICHIGAN**

**DRAIN FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Drain Debt</u>	<u>Special Services</u>
<b>Revenues:</b>				
Intergovernmental -				
Federal/State	\$ 157,770	\$ -	\$ -	\$ -
Local	27,303	-	-	-
Charges for services	-	-	-	11,380
Interest and rent	25,624	857	16,733	-
Other	283,714	-	121,392	-
Total Revenues	<u>494,411</u>	<u>857</u>	<u>138,125</u>	<u>11,380</u>
<b>Expenditures/Expenses:</b>				
Public Works	1,426,748	-	-	8,513
Debt Service -	-	-	130,433	-
Total Expenditures/Expenses	<u>1,426,748</u>	<u>-</u>	<u>130,433</u>	<u>8,513</u>
Excess of revenues over (under) expenditures/expenses	<u>(932,337)</u>	<u>857</u>	<u>7,692</u>	<u>2,867</u>
<b>Other Financing Sources (Uses):</b>				
Note proceeds	502,000	-	-	-
Transfer from other funds	55,498	30,000	-	-
Transfer to other funds	-	-	-	(85,498)
	<u>557,498</u>	<u>30,000</u>	<u>-</u>	<u>(85,498)</u>
Excess of revenues and other sources over (under) expenditures/expenses	<u>(374,839)</u>	<u>30,857</u>	<u>7,692</u>	<u>(82,631)</u>
Fund Balances/Net Assets at beginning of year	<u>330,961</u>	<u>131,289</u>	<u>56,051</u>	<u>122,849</u>
Fund Balances/Net Assets at end of year	<u><u>\$ ( 43,878)</u></u>	<u><u>\$ 162,146</u></u>	<u><u>\$ 63,743</u></u>	<u><u>\$ 40,218</u></u>

<u>Equipment Rental</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 157,770	\$ -	\$ 157,770
-	27,303	-	27,303
-	11,380	-	11,380
78,104	121,318	-	121,318
3,120	408,226	240,519	648,745
<u>81,224</u>	<u>725,997</u>	<u>240,519</u>	<u>966,516</u>
89,052	1,524,313	(745,799)	778,514
-	130,433	(90,448)	39,985
<u>89,052</u>	<u>1,654,746</u>	<u>(836,247)</u>	<u>818,499</u>
<u>(7,828)</u>	<u>(928,749)</u>	<u>1,076,766</u>	<u>148,017</u>
-	502,000	(502,000)	-
-	85,498	(85,498)	-
-	(85,498)	85,498	-
<u>-</u>	<u>502,000</u>	<u>(502,000)</u>	<u>-</u>
(7,828)	(426,749)	574,766	148,017
<u>40,166</u>	<u>681,316</u>	<u>6,052,245</u>	<u>6,733,561</u>
<u>\$ 32,338</u>	<u>254,567</u>	<u>6,627,011</u>	<u>6,881,578</u>



**ST. CLAIR COUNTY, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF DRAIN FUND  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2004**

Net change in fund balances - Drain Fund	\$ ( 426,749)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	870,815
Depreciation expense	( 125,016)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	240,519
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The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.

Principal payments on long term liabilities	89,600
Bond Proceeds	( 502,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Decrease in accrued interest payable	<u>848</u>
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Change in net assets of Drain Commissioner	<u><u>\$ 148,017</u></u>
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ST. CLAIR COUNTY, MICHIGAN

GOVERNMENT-WIDE EXPENSES BY FUNCTION  
LAST TEN FISCAL YEARS (A)  
(Unaudited)

Fiscal Year	Legislative	Judicial	General Government	Public Safety	Public Works	Health and Welfare	Recreation and Culture	Other Activities	Interest on Long-Term Debt	Delinquent Tax Collections	Airport	Sheriff's Concession	Solid Waste Disposal	Total
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1996	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2002	1,198,055	9,970,876	11,909,422	14,563,912	1,339,252	17,361,594	5,950,660	1,200,000	597,005	1,022	856,331	100,459	4,681,322	69,729,910
2003	788,416	10,766,559	12,575,346	15,628,031	968,179	19,353,729	5,589,120	1,001,520	1,448,004	14,753	691,193	142,253	2,407,621	71,374,724
2004	1,154,454	10,892,698	13,672,576	17,721,012	826,441	18,447,590	6,109,029	800,000	151,437	56,531	534,078	156,717	4,699,510	75,222,073

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002.

Accordingly the data prior to 2002 is not available.

ST. CLAIR COUNTY, MICHIGAN

GOVERNMENT-WIDE REVENUES BY SOURCE  
LAST TEN FISCAL YEARS (A)  
(Unaudited)

Fiscal Year	Program Revenues			General Revenue						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	Grants and Contributions Not Restricted to Specific Programs	Investment Incomes	Interest and Penalties on Delinquent Taxes	Gain (Loss) on Sale of Capital Assets	Transfers	
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	-	-	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-	-
2002	17,092,879	12,404,888	443,683	33,628,459	4,231,205	1,975,605	902,628	84,134	-	70,763,481
2003	20,354,918	12,458,989	1,567,879	35,909,934	3,808,634	1,227,615	893,998	(85,597)	-	76,136,370
2004	19,791,220	13,694,551	903,400	47,253,761	1,330,569	1,250,521	896,008	-	-	85,120,030

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002.  
Accordingly data prior to 2002 is not available.

ST. CLAIR COUNTY, MICHIGAN

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Legislative	Judicial	General Government	Public Safety	Public Works	Health & Welfare	Recreation & Culture	Other	Capital Outlay	Debt Service	Total
1995	\$ 391,183	\$ 7,165,844	\$ 5,800,594	\$ 9,806,013	\$ 66,383	\$ 38,275,418	\$ 2,824,211	\$ 473,630	\$ 3,157,081	\$ 434,397	\$ 68,394,754
1996	418,195	7,703,469	6,309,836	10,341,118	78,565	40,184,893	3,141,019	693,840	6,718,543	438,925	76,028,403
1997	441,252	7,677,960	6,156,378	10,453,895	123,228	40,265,571	6,072,740	967,591	12,505,578	1,063,693	85,727,886
1998	491,524	7,880,249	6,591,602	10,980,814	79,864	40,639,933	3,291,912	662,619	6,534,193	1,064,002	78,216,712
1999	393,886	7,892,265	7,356,261	11,582,675	55,965	45,212,079	3,564,465	788,382	4,061,180	1,039,384	81,946,542
2000	457,009	8,820,107	7,954,899	13,593,402	97,012	12,779,550	4,684,480	1,085,000	6,155,052	999,992	56,626,503
2001	608,767	9,384,742	8,708,213	13,930,164	270,172	13,621,013	4,139,885	1,100,000	9,303,531	984,132	62,050,619
2002	1,198,055	9,755,747	10,109,948	13,840,111	1,339,252	17,403,668	4,395,614	1,200,000	8,326,169	965,188	68,533,752
2003	682,985	10,337,928	10,826,629	15,055,284	980,546	18,952,435	4,363,954	1,001,520	10,898,689	4,637,386	77,737,356
2004	1,150,549	10,648,858	11,945,746	18,249,662	828,328	18,390,315	6,051,590	800,000	26,173,402	2,697,085	96,935,535

Note: Includes the General, Special Revenue, Debt Service and Capital Project Funds.

Note: In 2000 the Community Mental Health Department became a component unit and therefore is not included in Health & Welfare after 1999.

ST. CLAIR COUNTY, MICHIGAN

GENERAL GOVERNMENT REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Taxes	License & Permits	Intergovernmental Revenues	Charges For Services	Fines & Forfeits	Interest & Rents	Other Revenues	Totals
1995	\$ 23,800,344	\$ 410,579	\$ 21,927,590	\$20,610,911	\$1,192,731	\$ 2,205,910	\$ 1,931,087	\$ 72,079,152
1996	24,695,211	409,825	22,793,756	21,192,088	1,244,636	2,418,258	1,966,806	74,720,580
1997	25,740,088	400,552	21,873,291	24,459,871	1,249,771	2,667,612	2,449,583	78,840,768
1998	26,910,454	439,460	22,300,863	25,000,315	1,351,166	3,075,452	2,550,053	81,627,763
1999	28,466,866	540,820	28,471,852	24,947,979	1,330,512	3,639,198	2,701,296	90,098,523
2000	29,797,399	547,486	16,072,276	6,630,623	1,419,827	4,547,655	1,145,891	60,161,157
2001	31,800,759	653,572	17,253,088	6,944,756	1,700,737	3,747,071	878,485	62,978,468
2002	33,565,713	766,439	17,093,396	8,036,122	1,659,721	2,210,438	748,980	64,080,809
2003	35,883,340	589,067	16,809,641	9,128,553	1,743,658	1,967,817	712,845	66,834,921
2004	47,233,414	668,614	15,134,406	8,912,150	1,807,941	1,937,323	1,854,187	77,548,035

Note: Includes the General, Special Revenue, Debt Service and Capital Project Funds

Note: In 2000 the Community Mental Health Department became a component unit and therefore is not included after 1999.

ST. CLAIR COUNTY, MICHIGAN

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS  
(Unaudited)

Year*	Total Tax Levy	Current Tax Collections to March 1	Percentage of Levy Collected	Delinquent Tax Collections to December 31	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes**	Percentage of Delinquent Taxes to Tax Levy
1995	\$ 23,815,602	\$ 22,169,014	93.1%	\$ 1,571,901	\$ 23,740,915	99.7%	\$ 74,687	0.3%
1996	24,775,380	23,050,983	93.0	1,532,589	24,583,572	99.2	191,808	0.8
1997	26,921,542	25,225,856	93.7	1,601,239	26,827,095	99.6	94,447	0.4
1998	29,591,856	27,762,088	93.8	1,675,235	29,437,323	99.5	154,533	0.5
1999	27,651,305	25,733,028	93.1	1,721,305	27,454,333	99.3	196,972	0.7
2000	32,906,101	30,982,152	94.2	1,757,285	32,739,437	99.5	166,664	0.5
2001	34,525,033	32,392,459	93.8	1,895,853	34,288,312	99.3	236,721	0.7
2002	35,906,956	34,037,073	94.8	1,801,235	35,838,308	99.8	68,648	0.2
2003	37,388,505	34,862,827	93.2	2,309,117	37,171,944	99.4	216,561	0.6
2004	39,237,971	36,507,284	93.0	2,647,560	39,154,844	99.8	83,127	0.2

\* Year tax was collected. Levy was made the previous December.

\*\* Represents Delinquent Personal Property Taxes and Chargebacks

Note: The Delinquent Tax Revolving Fund purchases the delinquent real taxes of each unit in March of each year.

Taxes levied are for County general operations and four extra-voted millages (Senior Citizens, Drug Task Force, Library and Parks).

ST. CLAIR COUNTY, MICHIGAN

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)

Year*	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1995	3,220,454,361	6,476,718,654	365,025,353	730,053,912	3,585,479,714	7,206,772,566	49.75%
1996	3,450,906,694	6,921,575,931	397,320,752	795,073,490	3,848,227,446	7,716,649,421	49.87
1997	3,735,774,477	7,506,073,815	397,394,240	795,135,898	4,133,168,717	8,301,209,713	47.79
1998	4,039,404,022	8,117,575,389	424,011,426	848,037,443	4,463,415,448	8,965,612,832	49.78
1999	4,401,018,135	8,854,355,677	449,108,028	898,232,658	4,850,126,163	9,752,588,335	49.73
2000	4,798,497,754	9,656,696,952	519,731,001	1,039,462,146	5,318,228,755	10,696,159,098	49.72
2001	5,249,085,681	10,584,298,648	543,671,941	1,094,344,259	5,792,757,622	11,678,642,907	49.60
2002	5,831,335,720	11,725,878,571	540,086,157	1,080,010,326	6,371,421,877	12,805,888,897	49.75
2003	6,199,904,634	12,465,127,719	517,807,765	1,034,803,073	6,717,712,399	13,499,930,792	49.76
2004	6,521,828,821	13,122,757,933	534,108,319	1,068,255,947	7,055,937,140	14,191,013,880	49.72

\* Year tax was levied

Source: Equalization Department

ST. CLAIR COUNTY, MICHIGAN

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN YEARS

(Per \$1,000 of Assessed Value)  
(Unaudited)

Year*	Township**	Cities and Villages**	County							Community College	Intermediate School	Local Schools**	Total
			Operating	Senior Citizens	Drug Task Force	Library	Parks						
1995	1.97	16.18	5.39	0.47	0.28	0.50	0.50	1.41	3.48	27.42	57.60		
1996	2.02	16.38	5.39	0.47	0.28	0.50	0.50	1.41	3.48	27.81	58.24		
1997	2.16	16.36	5.39	0.47	0.28	0.50	0.50	1.41	3.48	28.19	58.74		
1998	2.08	16.28	5.39	0.50	0.28	0.50	0.50	1.41	3.48	28.08	58.50		
1999	2.16	16.25	5.38	0.50	0.28	0.50	0.50	1.90	3.47	28.89	59.83		
2000	2.16	18.28	5.38	0.50	0.28	0.50	0.50	1.90	3.47	28.82	61.79		
2001	2.07	17.98	5.34	0.50	0.28	0.50	0.50	1.89	3.46	29.29	61.81		
2002	2.21	17.67	5.33	0.50	0.28	0.50	0.50	1.89	3.45	29.21	61.54		
2003	2.22	15.85	5.33	0.50	0.28	0.50	0.50	1.89	3.46	27.89	58.42		
2004	2.74	15.74	5.33	0.50	0.28	0.50	0.50	1.89	3.45	28.06	58.99		

\* Year tax was levied

\*\*Average from Townships, Cities and Villages, and Local schools are presented as these units have varying rates

Rounded to two (2) decimal places.

Source: Equalization Department



ST. CLAIR COUNTY, MICHIGAN

PRINCIPAL TAXPAYERS  
DECEMBER 31, 2004  
(Unaudited)

		2004 Taxable Valuation	Percentage of Total Taxable Value
Detroit Edison	Electrical Utility	\$ 884,539,142	15.88%
SEMCO Energy & Affiliates	Gas Utility	30,632,392	0.55%
Michigan Consolidated Gas Co.	Natural Gas Storage and Pipeline	29,303,261	0.53%
Mueller Brass Co. & Affiliates	Brass Rod Manufacturing	21,091,177	0.38%
E.B. Eddy	Paper Manufacturing	20,338,185	0.37%
Daimler Chrysler	Automotive Parts Storage	19,261,392	0.35%
ANR Pipeline Co.	Natural Gas Storage and Pipeline	16,854,522	0.30%
Consumers Power	Liquid Natural Gas Storage	14,877,325	0.27%
Birchwood Mall LTD Partnership	Mall Development	12,993,786	0.23%
Schefenacker Vision	Automotive Parts Manufacturing	12,695,373	0.23%
		<u>\$ 1,062,586,555</u>	19.07%

Source: Equalization Department

**ST. CLAIR COUNTY, MICHIGAN**

**SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN YEARS  
(Unaudited)**

<u>Year*</u>	<u>Current Assessments Due**</u>	<u>Current Assessments Collected to March 1**</u>	<u>Current Assessments Collected - Delinquent Taxes**</u>	<u>Total Outstanding Assessments</u>
1995	\$ 12,294	\$ 11,908	\$ 386	\$ 231,608
1996	24,262	23,978	284	231,546
1997	30,069	27,716	2,353	12,771
1998	12,878	12,196	682	831
1999	84,601	77,198	7,403	80,789
2000	86,965	79,916	7,049	2,606
2001	44,830	42,444	2,386	86,375
2002	113,067	107,254	5,813	175,578
2003	100,353	94,717	5,636	287,693
2004	138,355	127,460	8,183	472,786

\* Year of Collection

\*\* Drain Commissioner's Annual Report

Note: Each year the Drain Commissioner turns over for collection the portion of Special Assessment Drains to be paid by the taxpayers in a drainage district. They are collected by the local units up to March 1, and then turned into the County as delinquent. Delinquent taxes are paid 100 percent by the Delinquent Tax Revolving Fund. The above table represents those drain assessments. Total outstanding assessments include both levied and unlevied assessments.

**ST. CLAIR COUNTY, MICHIGAN**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**DECEMBER 31, 2004**  
**(Unaudited)**

State Equalized Value	<u>\$ 7,055,937,140</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 705,593,714
Less: Total Long-Term Debt	<u>90,826,838</u>
Legal Debt Margin	<u>\$ 614,766,876</u>

Note: Total long-term debt does not include accumulated vacation, sick and compensatory time, accrued insurance liability claims, and Landfill closure and post-closure costs.

ST CLAIR COUNTY, MICHIGAN

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN YEARS  
(Unaudited)

Year	Population*	Assessed Value (000)**	Gross Bonded Debt	Less Debt Service Money Available	Less Self- Supporting Debt***	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	145,607	\$ 3,585,479	\$ 23,356,833	\$ 4,137	\$ 22,131,833	\$ 1,220,863	0.03	\$ 8
1996	145,607	3,848,227	38,290,434	55,988	26,505,434	11,729,012	0.30	80.55
1997	145,607	4,133,169	35,813,262	8,118	24,163,262	11,641,882	0.28	79.95
1998	145,607	4,463,415	34,357,651	8,275	23,032,651	11,316,725	0.25	77.72
1999	145,607	4,850,126	39,885,000	8,100	28,885,000	10,991,900	0.23	75.49
2000	164,235	5,318,229	41,105,000	7,750	30,305,000	10,792,250	0.20	65.71
2001	164,235	5,792,758	45,145,000	7,575	34,545,000	10,592,425	0.18	64.50
2002	164,235	6,371,422	42,875,000	-	32,475,000	10,400,000	0.16	63.32
2003	164,235	6,717,712	77,920,000	3,483,783	33,820,000	40,616,217	0.60	247.31
2004	164,235	7,055,937	72,275,000	1,597,860	28,500,000	42,177,140	0.60	256.81

\* U.S. Census

\*\* From Assessed and Estimated Actual Value of property table in this section.

\*\*\* Gross Bonded Debt and Self-supporting Debt includes the Component Unit G.O. Bonds the County is contingently liable for.

Note: Net Bonded Debt represents the Building Authority Debt, less debt service money available.

**ST. CLAIR COUNTY, MICHIGAN**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL  
GOVERNMENT EXPENDITURES  
LAST TEN YEARS  
(Unaudited)**

<u>Year</u>	<u>Principal</u>	<u>Interest and Issuance Costs</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures**</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
1995	\$ 250,000	\$ 88,837	\$ 338,837	\$ 68,394,754	0.50
1996	275,000	71,375	346,375	76,028,403	0.46
1997	300,000	674,051	974,051	85,727,886	1.14
1998	325,000	652,764	977,764	78,216,712	1.25
1999	325,000	631,883	956,883	81,946,542	1.17
2000	200,000	615,250	815,250	56,626,503	1.44
2001	200,000	601,250	801,250	62,050,619	1.29
2002	200,000	587,250	787,250	68,533,752	1.15
2003	3,300,000	1,162,200	4,462,200	77,737,356	5.74
2004	850,000	1,774,112	2,624,112	96,935,535	2.71

Note: This schedule shows only the General Bonded Debt that is paid out of the Building Authority Debt Funds. Annual transfers are made from the General Fund to satisfy the principal and interest requirements per a lease agreement.

\* Excludes bond administration charges

\*\* Includes the General, Special Revenue, Debt Service and Capital Project Funds.

ST. CLAIR COUNTY, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2004  
(Unaudited)

**Direct Debt:**

Building Authority	\$ 10,325,000	
Jail Construction - General Obligation Bonds	33,450,000	
Water and Sewer Systems - General Obligation Bonds and Loans	38,840,600	*
Michigan Transportation Fund Bonds	4,465,000	
Michigan Transportation Fund Notes	1,750,000	*
Installment Loan Agreements	7,738	
Drain Notes	1,988,500	
	<u>90,826,838</u>	
Less: Self-supporting Debt *	<u>40,590,600</u>	
Net Direct Debt		50,236,238

**Overlapping Debt:**

Cities	91,892,838	
Townships	48,185,980	
Villages	1,470,000	
School Districts	179,819,864	
Intermediate School District	8,699,372	
Community College and Intermediate School District	<u>4,770,225</u>	<u>334,838,279</u>

Net Direct and Overlapping Debt \$ 385,074,517

Note: Debt information provided by the Municipal Advisory Council of Michigan and Bendzinski and Co., Detroit, Michigan

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE OF REVENUE BOND COVERAGE - BUILDING AUTHORITY  
LAST TEN YEARS  
(Unaudited)

1978 Bond Issue (20 Year)

Year Ended December 31	Gross Revenue and Transfers In	Debt Service Requirements			Times Coverage
		Principal	Interest and Other Charges	Total	
1995	\$ 339,413	\$ 250,000	\$ 89,339	\$ 339,339	1.00
1996	346,905	275,000	71,881	346,881	1.00
1997	352,608	300,000	52,478	352,478	1.00
1998	356,346	325,000	31,189	356,189	1.00
1999	330,700	325,000	10,148	335,148	0.99
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-

# ST. CLAIR COUNTY, MICHIGAN

## DEMOGRAPHIC STATISTICS LAST TEN YEARS (Unaudited)

Year	Population*	U.S. Census	Per Capita Income**	K-12 School Enrollment***	Unemployment Rate****
1995	154,081	145607	\$21,398	26,501	6.4
1996	155,585	145607	21,835	26,919	5.2
1997	157,494	145607	22,969	27,047	5.1
1998	159,465	145607	23,980	27,647	4.5
1999	161,755	145607	24,626	27,652	4.3
2000	164,235	164235	26,001	27,762	4.2
2001	166,541	164235	26,264	27,952	6.9
2002	167,712	164235	27,718	28,835	7.8
2003	170,572	164235	28,646	28,383	9.2
2004	171,661	164235	N/A*****	28,211	8.1

\* Southeast Michigan Council of Governments

\*\* U.S. Department of Commerce - Bureau of Economic Analysis

\*\*\* St. Clair County Regional Educational Service Agency

\*\*\*\* Michigan Department of Labor and Economic Growth

\*\*\*\*\* Not Available



ST. CLAIR COUNTY, MICHIGAN

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS  
(Unaudited)

Year	Total Assessed Values*		Bank Deposits (000)**	Total Estimated Property Values*			
	Commercial Construction	Residential Construction		Industrial Commercial	Residential	Agricultural	Developmental
1995	31,941,544	94,744,301	1,008,758	2,093,004,648	3,928,381,961	455,332,045	-
1996	12,878,591	87,140,025	1,076,387	2,142,268,288	4,295,955,402	483,352,241	-
1997	17,206,058	98,233,504	1,063,000	1,105,042,548	2,370,222,029	260,509,900	-
1998	19,703,014	121,358,980	1,050,000	1,129,430,233	2,625,522,185	284,367,879	83,725
1999	18,422,123	102,978,357	1,082,000	1,174,602,637	2,889,748,170	335,236,813	1,430,515
2000	13,703,351	117,948,980	1,110,000	1,212,103,891	3,232,546,301	353,153,972	693,590
2001	19,587,317	98,134,663	1,122,000	1,257,923,673	3,597,084,752	393,531,650	545,606
2002	17,250,117	106,501,000	1,508,000	1,413,943,882	3,963,247,697	453,534,613	609,528
2003	27,708,614	95,241,719	1,758,000	1,472,841,569	4,236,291,363	489,948,402	823,300
2004	17,728,861	121,743,076	1,830,000	1,512,684,690	4,490,834,960	517,444,001	865,170

\* Equalization Department

\*\*JPMorgan Chase

Note: Property was not classified as developmental until 1998.

**ST. CLAIR COUNTY, MICHIGAN**

**MISCELLANEOUS STATISTICS  
(Unaudited)**

**Date of Establishment:** March 28, 1820

**Date of Organization:** May 8, 1821

**Forms of Government:** Elected Board of Commissioners (7), by specific districts

**Area:** 734 square miles

**Fiscal Year:** January 1 through December 31

**County Seat:** Port Huron, Michigan

**Townships:** 23

**Cities and Villages:** 9

<b>Elections:</b>	<u>August 2002 Primary</u>		<u>August 2004 Primary</u>	
	Registered Voters	111,389	Registered Voters	113,805
	Ballots Cast	29,650	Ballots Cast	24,927
	<u>November 2002 Primary</u>		<u>November 2004 General</u>	
	Registered Voters	111,391	Registered Voters	117,805
	Ballots Cast	53,022	Ballots Cast	80,248

**Miles of Shoreline:** (Lake Huron, Lake St. Clair & St. Clair River) 58

**Miles of Roads:** Primary - 472 miles  
Local - 1,046 miles

**Recreation:**

State Parks - 1,583 acres - 550+ campsites - 10,000 feet of water frontage  
County Parks - 433 acres  
Township Parks - 313 acres  
City Parks - 394 acres - 3 public beaches

**Sheriff's Protection:**

Jail Capacity - 144  
Certified Officers - Road Patrol - 70, Corrections - 43  
Patrol Units - 32 vehicles, 6 boats

**Education:**

Number of Students (2004)*	
Pre-Kindergarten	233
Kindergarten - Grade 5	12,587
Grades 6 - 8	6,783
Grades 9 - 12	8,608
Adult and Special Education	531
Alternative Education	736
	<hr/>
	29,478
	<hr/>

Unless otherwise noted, data on this page  
was supplied by various departments.

\* Source: St. Clair County RESA

**ST. CLAIR COUNTY, MICHIGAN**

**LABOR AGREEMENTS**

**DECEMBER 31, 2004**

**(Unaudited)**

<u>Name of Contract</u>	<u>Expiration Date</u>	<u>Number of Employees</u>
District Court Employees - AFSCME	June 30, 2005	29
Human Resource Employees -TPOAM	June 30, 2007	6
Juvenile Center Employees - Teamsters	December 31, 2006	42
Probate Court Clericals - POAM	June 30, 2006	19
Probate Court Juvenile Counselors Association	December 31, 2006	14
Probate Court Juvenile Supervisors Association	December 31, 2007	6
Professional Nurses - MNA	December 31, 2007	26
Professional Nurses Supervisors - MNA	December 31, 2007	3
Prosecuting Attorney Employee Association	December 31, 2003 *	11
Public Service Employees - AFSCME	June 30, 2005	260
Sheriff Correction Supervisors - COAM	June 30, 2004 *	11
Sheriff Department Employees - POAM non 312	June 30, 2006	95
Sheriff Department Employees - POAM 312 elig	June 30, 2004 *	67
Sheriff Supervisors - COAM	June 30, 2006	12
Friend of the Court Employees - SEIU	December 31, 2005	32
Total		<u>633</u>

\* In negotiation

Source: Human Resources Department